United States Court of Appeals for the Second Circuit



APPENDIX

ORIGINAL

United States Court of Appeals

For the Second Circuit.

UNITED STATES OF AMERICA.

Appellee.

-against-

ERNEST DARWIN GOODLOE.

Appellant.

On Appeal From the United States District Court For the Southern District Of New York

Appellant's Appendix

MICHAEL P. STOKAMER

Stokamer & Epstein

Attorneys for Appellant

Ernest Darwin Goodloe

100 Church Street

New York, N.Y. 1006

(212) 962-1564



PAGINATION AS IN ORIGINAL COPY

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THE SECURITIES AND EXCHANGE COMMISSION, April 22, 1970	
HIDGMENT	213

CRIMINAL DOCKET

JNTYEL STATES DISTRICT D. C. Form No. 100 Rev.	COURT		ř	75 CELE	1. 140
	E OF CASE			-	ATTODYEYS
THE UN	TED STATES			For U.S.:	
JOE TRUMAN I	. JOINER, LN GOODLOE,			W. Cullen 791-000	MacDonald, AL
SELWYN WEBER CEMERSON F. ZERNEST R. MI ZERNEST R	PITLOW, PITLOW, ULLENAX, LY, ROOKSHIRE, NE BARNETT, APPAPORT, LEGER, SCO,			COMPLETE L	t: DNAL PAGE AC ISTING OF JE.
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DATE		PROCEEDIN	GS		
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2-24-75 Deft. Joe T. B guilty, 10 g Deft. has un Deft. James C. not guilty. Wednesday no Deft. Ernest G guilty. Bail Vednesdsy no Deft. Robert F Bail fixed b Deft. Selwyn W Bail fixed b	oyd present (not ays for motions to sign bond to sign bond to sign bond to sign bond ord present (At y court at \$5,0 bond. Deft. Present (ry court	n. Deft (no at court at ft. P/F. (no at at \$5, 1. Deft. ty. pre 200 P.R.	P/F ty.).C 000 P P/F. sent) B. De).Cou	Court enters 00 p.R.B. Do ourt enters a ploft. has untertained ft.	a plea of a plea of has until Wednesday
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75-0	140	Judge	Pollack		Page 2			
DATE				PROCEE	DINGS			
	Delt. Er	ior tillu	ltenam, I	M order	ed.			
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	inse ansi	gned to	Pollac's	,J. for	all purposes.			
2-24-75	7	D/	. 611.1					
2-24-13	John Well	Bisset	c- Filed	PRB in t	he sum of \$5, of \$5,000.	000.		
	Emerson H	Titl	ow- filed	PRR in	the sum of \$5	000		
	M.S. Knis	lev-2i	led PRB i	n the su	m of \$5,000.	,000.		
	Joe Truma	in Boyd	-filed PR	B in the	sum of \$5.00	0.		
	Ernest Da	rwin G	oodloe- f	iled PRE	in the sum o	f \$5,000.		
	William W	avne Ba	arnett- f	iled PRR	in the sum o	f \$5 000		
	Selwyn S.	Webber	r- filed	PRB in t	hesum of \$5,	000.		
-	Marvin J.	Rannai	norr- fil	ed PPR (he sum of \$5, n the sum of	\$5 000		
	James Cal	vin To	iner- fil	ed PPP i	n the sum of	\$5,000.		
	Robert E.	Ford-	filed PR	B in the	sum of \$5,00	0		
7	Howard L.	Brooks	shire- fi	led PRB	in the sum of	\$5.000.		
-25-75	Filed NOT	ICES O	F APPEARA	NCE for:				
	R. Bi	isset &	E. Titlo	w by: Ro	oney & Evans,	521 5th A	veNYC	682-4343
-	A. Se	egal by	: John H.	Doyle.I	II. 630 5th A	ve. NYC 1	0020	397-9729
	S. Sc	hleger	by: Beny	I I Dul	sky, 146 Old , 54 Durham R	County Rd,	Mineola	IX 11501
_	W Pe	ipport	by: Morto	Duetu	Phodes 2591	d., White P	lains, NY	10507
~ ~ .	H. Br	cookshi	re by: Rr	Own Wood	Rhodes, 2581 M Fuller Caldw	adison, Ab	1 Ithorn	RAS 7960
7				- A	, and the Carry	TIT & IVEY	N.Y.C. 1	
- 1/	J. We	lls by	: Bent L.	Gusrae	227-3300			
	- R FC	ird by:	Paul K.	Feldman,	469 5th Ave.,	NYC-10017		889-1470
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DATE	FILINGS-PROCLEDINGS				CLERK'S FEES			AMOUNT REPORTED IN
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	deft. MICHAEL GARDNER	atty:	Pa	trick	F.	Brod 1 Blv	eri	ck
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7-22-75 Consolidated with 75 Cr. 346 for pretrial and trial proceedings.

E	FILINGS-PROCES	EDINGS .		PLAT	TIPF		DANT				
	deft. Robert E. Ford	Aranow_Broosky_Boblinger_Beneta									
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			469-Fifth-Av		017.						
	defe John Helle		New-York; -N-								
_	deft. John Wells		Bert L. Burs								
	deft. Howard L. Brookshire	aatty:					1 & .				
			by: Richard			У					
			James K.		ing						
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d	dofe William Warman		New York, N.			le.	349-				
	dert. William wayne Barnet	deft. William Wayne Barnett atty:									
			Rhodes, Doscho								
			104 Citizens			ing					
	doft Marris I Danson		Abilene, Texa		501						
-	deft, Marvin J. Rapport	atty:	Morton Berger								
			54 Durham Roa		++-						
			White Plains,		1060	7					
	deft. Stanley Schleger	atty:	Benyl I. Duls		++-						
			146 Old Count								
-	1 6 17 -		Minedla, N.Y.								
_	deft. Alan Segal	atty:	John H. Doyle		t						
			630 Fifth Ave		+						
-			New York, N.Y		120 te	le:	397-				
_	deft. Roger Bisset	atty:	Rooney & Evan								
s —	Emerson Titlow		521 Fifth Ave			-	-				
-	deft. Ernest R. Mullenax		New York, N.Y	1		le:	682-				
	dert. Ernest R. Mullenax	atty:	Joseph B. Elh		-						
			Rosenberg, Ros 200 Garden C	enbe	rg & R	loci	man				
			Garden City,		11530	<u> </u>					
_			(516) 248-430		11330		-				
	deft. Selwyn Webber	atty:	Joel Barnet St		era	-	•				
			401 Broadway	CZHO	8		-				
				1001			044				
		atty:	New York, N.Y. Albert Kreiger		tele	:	966-				
			401 Broadway New York, N.Y.	100	13 tel		925-				
		•	New lork, N.Y.	100	ra cer	е:	127				

DATE	PROCEEDINGS
2-25-75	E. Vanasco- filed P.R.B. in the sum of \$5,000.
02-24-75	E. Mullemax-Bench warrant issued.
03-04-75	S. Schleger- filed notice of motion re: copy and inspectio
03-05-75	W. Barnett- filed notice of motions for severance and separtrial, for bill of particulars, for inspection, and for discovery eddGrand Jury minutes.
03-05-75	W. Barnett- Filed motion for severance and separate trial.
J-05-75	W. Barnett- Filed motion for bill of particulars.
03-05-75	W. Barnett- Filed motion for discovery and inspection.
03-05-75	W. Barnett- Filed motion to inspect Grand Jury minutes.
03-05-75	W. Barnett- Filed waiver of deft.'s presence.
03-05-75	W. Barnett- Filed appearance praecipe by A.L. (Dusty) Rhodes, Esq.
03-06-75	S. Schleger- Filed notice of motion re: bill of particulars.
3-05-75	A. Segal - filed appearance bond in the sum of \$5,000.
3-10-75	Filed memo-end. on motionndocketed 03-06-75, Motion for bid particulars is denied. The government shall comply with its obligations as to exculpatory material as required the rule of Brady -vs- Maryland. Pollack, J. mm
03-11-75	Filed memo-end. on motion docketed 03-04-75. Granted to the extent consented to by the Govt. it its affdyt. filed here to 03-10-75 (prepared at the Court's instance to have uniform rulings on disclosure and particulars) and otherwise inall respects denied. Pollack, J. mn
03-11-75	Filed deft. M. Rappaport's motion for bill of particulars.
03-11-75	Filed deft. M. Rappaport's memo. of law in support of motion for m bill of particulars.
0 <u>3±11-75</u>	Filed deft. M. Rappaport's motion re: pretrial discovery.
08 -11-75	Filed deft. M. Rappaport's memo. of law in support of motion for pretrial discovery.
03-12-7	5 Filed Govt.'s affdvt.re: motion pursuant to Rules 7(f) & 16,erc.
03-12-75	Filed deft. R. Ford's notice of request for dismovery and inspection pursuant toFRCP Rule 16.

Juca

PROCESOENCS 3-13-75 Files memo-erd on motion docketed 03-12-75, An afidyt. dated 3-10-75 was filed inthis case by the Govt, to have uniform rulings on Discovery and Particulars. This motion is granted to the extent consented to by the Govt. in said affdyt. and otherwise in all respects denied. Pollack, J. mn "Lied Coyt.'s notice of motion re: order directing moniesbe paid e. .. ed memo-end, on motion docketed 03-13-75. The motion is is all respects denied. The Covt. received \$9,000, which it took as satisfaction of the individual committed fines. Those payment cannot now be rescinded so as to resurrect a committment order for non payment of the fines levied against the individual Pollack, J. nm Filed memo-end, on motion docketed 03-11-75 for pretrial discov-Motion granted to the extent consented to by the Govt. in affdyr. filed herein sworn to 3-10-75 and otherwise in. respects denied. Pollack, J. mn -13-ed memo-end, on motion docketed 03-11-75 for bill of par. motion granted to the extent consented to by the Govi. affdyt, filed herein oworn to 3-10-75 and otherwise respects denied. Pollack, J. mn 2-17-75. Filed deft. Ford's request for particulars pursuant to FRC? lied affdvt. of Beryl I. Dulsky re: response to the ari. 1-26submitted by the prosecution dated 03-10-75. consented to by the Govt. in its affdyt. filed here to 3-10-75, (prepared at the Court's instance rulings on disclosure and particulars) and other respects denied. Pollack, J. mn -'4-75 Edward Van asco- filed magistrate's orig. papers: (1) docket entry sheet (2) appointment of counsel. 4-14-7: Filed (Emerson F. Titlow) CJA 23 financial affdyt. -14-75 a. Mullenax-field papers from Western Dist. of Oklahoma:

waiver of removal hearing, order specifying method: conditions of release, docket sheet, removal order ... of custody & appearance bond. cont'd, on next page-

75 Gz	. 140	Page 5	Judge Pollack	75 Cr. 140
2 Till ker O	r. Indian Co	ALC: HERIZON		
LATE			Practical dwgs	
	Piled		otion cocketed 3-5-75 for except as consented in G	
64-23-75	Filed	memo-end. on mo "Motion denied 3-10-75" Police	otion docketed 3-5-75 for except as consented to 1 ck,J. m	bill of particulars n Govt. affivt. of
64-23-75	Piled	memo-end. on Ed trial" Motion	otion dockered 3-5-75 for denied. See Govt. affdyt.	severance and separ ca 3-10-75.Pollack,
1-23-75	Filed	memo-end. on me minutes" Motion	otion docketed 3-5-75 fcr n denied" Foliack, J. tn	inspection of Grand
05-16-75	Piled	varrant for arrideft. released	est of Ernest Hallenaxand on \$10,000. bond, on 4-10	return dated 4-10-7
05-16-75	Filed	notice of appea	rance of atty, for deft.	Ernest R. Mullenax.
05-16-75	Filed	Govt.'s bill of	particulars.	
05-20-75	Filed	Govt.'s notice ret: 5-30-75.	of mation re: consolidat	ion (75 Cr. 346)
05-23-7514	Filed		s notice of motion and su or severance ret: 5-30-7	
05-23-75	Filed	deft. Bissett's	s affdvt. in opposition t	o motion for consoli
C6-G3-75	Filed	notice of a ppear Josel Barnett S	rance of atty. for deft. teinberg and Albert J. Er	Selvyn Webber by ieger.
06-06-75	Filed	deft. Howard L. ret: 6-13-75.	Brookshire's notice of mo	tion re: se
06-06-7		deft. H. Brook severance.	shire's memo. of law insu	pport of motion for
05-50-75	Filed	memorandum (disp 5-30-75 deft. E	osition sheet) from Magis Ernest R. Mullenax pleads	not guilty, etc.
06-12-75	Filed	notice of appearance S	arance of atty. for deft. teinberg and Albert J. Kr	Selwyn Webber by leger
06-12-75	Filed	deft. M. Rappap	ort's motion re: speedy t	rial.
6-12-75	Filed	deft. M. Rappa	port's memo. of law re: s	peedy trial.
v6-12-75	Filed	deft. R. Ford's	s notice of motion and af	fdvt. re: severance

06-12-75

Filed deft. R. Ford's memo. of law re: support of motion for severance.

Date O:

DATE	PROCEEDINGS	Judgme:
5-15-75	Filed Govt.'s notice of readiness for trial.	
5-25-75	Filed deft. E. Mullenax's notice of motion re: severance, dismissal, strike, etc.	
5-2 -73	Filed deft. E.Mullenax's memo. of law in support of motion for severance, etc.	
-22-75	Filed deft. S. Michael Gardner's affdyt. re: opposition to Cove. motion to consolidate. (also 75 Cr. 346)	s
7-22-75	Filed deft. E. Mullenax's affdyt. re: opposition to motion to con- solidate.	•
7-22-75	for consolidation of these indictments for purposes of pretrial and trial proceedings is granted, etc. Pollack, J. m/s	á – –
7-22-75	Filed memo-end, on motion cocketed 6-25-75. Motion of deft. Malienaz for dismissal of various counts of the indicatent and to strike the introduction therefrom. These motions are denied in all respects. The motions for discovery and particulars are denied in all respects except insofar as consented to in the govt.'s 3-10-75 affdvt., etc. motion for severance is denied, etc. Pollack, J. m/n	
7-22-75	Filed memo-end. on motion docketed 6-6-75. Motion of deft. Brooks for severance is granted, etc. Pollack, J. m/n	.re
7-22-75	riled memo-end. on motion docketed 5-23-75. Motion of dert. R to dismiss is denied, etc. Pollack, J. m/n	300
7-22-75	filed memo-end. on motion docketed 6-12-75. Motion of deft. I for severance is denied. Pollack, J. m/n	
7-22-75	for order setting a trial - trial is set for 9-29-75. Motion of deft. Reputation or deft. Reputation of de	
7-22-75	Filed Covc.'s affdvt. re: opposition to motion of deft. Rappaport a severance, etc.	oz-
7-22-75	Filed Covt.'s affdvt. re: opposition to motions of defts. Ford Mullenaz and Brookshire for severance, etc. (also 75 Cr. 346)	occ,
Q7 -23- 75	Filed ORDER that the Clerk of this Court shall issue subpoenss duces tecum under Rule 17(c) in blank, to be signed by U.S. which shall be returable or order to expedite the trial of the indictments herein, on 9-1-75. Pollack, J. mm	ety.
-23-75	E. Mullenax- filed magistrate's orig. papers:docket sheet, disposition sheet.	on.
	-cont'd. on next page-	-

	and to the a compared the 15 of the
	Page 7 75 Gr. 14
D. C10 Rev. Civ	ii anocaet Continuation
	PROCEEDINGS
58-27-15	Filed deft. E. Mullenax's notice of motion re: order quashing and/or modifying the subpoense duces recum attached to the affavt. of Joseph B. Ehrilich, etc.
36-27-75	Filed deft. 2. Mullenam's notice of motion re: severance, etc.
JU-29-75	Filed deft. M. Rappaport's notice of motion re: quash subpoend duces tecum. ret: 9-2-75.
	Filed affdyt. for writ of habeas corpus ad testificandum for Jim Peterson. Writ issued ret. 9-8-75
00-2 <u>9-7</u>	to file motion to Modify Subpoena and memo. in support-ecc. Pollack, J.
30-29-75	Filed Macion to modify subpoena, etc. 1500 % / 1000 2
09-03-75	M. Gardner-filed CJA 20 appointment of counsel, Patrick Broder CA. 76 Beaver Street, N.Y.C 10003 tele: 229-6070. Magistra. (issued copies CSA Clerk)
65-05-75 _	Filed notice of appearance of atty. for deft. Michael Ga. by Patrick F. Broderick, Esq., 38-08 Bell Blvd. Bays
09-00-75	Filed memo-end. on motion docketed 8-29-75. The within motion been resolved by agreement of counsel for the particle.
09-05-75	Filed deft. R. Ford's notice of motion re: quash or moderet: 9-8-75 at 10:00AM.
09-08-75	Filed Govt.'s bill of particulars.
09.	Filed deft. Roger Bissett's notice of motion re: real, for severance.
8-75	Filed memo-end. on morion of deft. Bissett for reargumen. "Motion for reargument of severance is denied." roll.
09-08-75	Filed memo-end. on motion of 8-29-75 of M. Rappaport to quasisubpoena duces tecum. The matters herein are to be adjusted between the parties and their agreement will Pollack, J. m/n
09-08-75	Filed memo-end. on motion docketed 9-5-75 of deft. R. Ford order quashing subpoena." Counsel for deft. Ford is to advise the govt. his position on documents in Ford's possession and control and the govt. will take further action as it may be advised. Pollack, J. m/n
09-09-75 09-15-75 09-15-75	Till ad CIA Winancial allique. Iol E. Good Lock
09-10-75	- I beat floor dom for M Caraner.

DATE	PROCEEDINGS
11-17-7	5 Joe Truman Boyd (atty. present) Ernest Darwin Goodlow (atty. present Oral appl. of defts. that their present ball be continued.
	The derts, are directed to appear in the Probation Office and make arrangements with the Probation Officer to serve his
	convenience, in the matter of obtaining the requisite data for
	of the local probation office who may have to be consulted los
	local matters and report on local matters. The beach warrants
	are vacated upon completion of the deposit of the checks with
	rhe Clerk of the Court immidiately. (See sterographic minutes) Pollack, J.
11-24-7	Transcript of record of proceedings filed, dated 9-16-75.
-17-75	Filed appearance bond for J. Boyd in the sum of \$15,000.
-28-75	Filed OPINION # 43450Accordingly, deft. Ernest Mullena renewed motions are all denied. Pollack, J. mn
-28-75	Filed letter from J. Ehrlich to Judge Pollack dated 10-24-
-2-75	M.S. KNISELY-filed notice of appeal from judgment of 12-2-7 copy to U.S. Atty. and deft.
-2-75	ROBERT E. FORD (atty. present) Filed JUDGMENT - 5 yrs. impr.
	ea. of cts. 1 to 53 incl. to run conc. w/ea. other. P Sec. 4208(a)(2) of T. 18 U.S. Code, deft. shall become
	for parole at such time as the Board of Parole May det
	Deft. advised of his right to appeal. Bail pending an
	at \$20,000. cash or surety to be posted by 12-11-75 at or deft. is to surrender to the U.S. Marshal in som 500
	service of sentence at that time. Pollack, J. issued a
2-2-75	ERNEST DARWIN GOODLOE (atty, present) Filed JUDGMENT -
	on ea, of cts. 1 to 53 incl. to run conc. with each or.
	for parole at such time as the Board of Parole may determined
	Deft. advised of his right to appeal. Bail pending and
	at \$25,000. cash. Pollack, J. issued all copies.
2-2-75	JOE TRUMAN BOYD (atty. present) Filed JUDGMENT - 5 yrs. impr.
	of cts. 1 to 53 incl. to run conc. w/ea. other. Pur. 4208(a)(2) of T. 18 U.S. Code, deft. shall become eligible
	parole at such time as the Board of Parole may determine.
	advised of his right to appeal. Bail pending appeal fin.
	\$35,000, cash or surety and subject further to appropriate restrictions to the bail limits of the Court. Pollack, J.
	issuedall copies.
2-2-75	M.S. KNISELY(atty. present) Filed JUDGMENT - 5 yrs. impr. o. c. o
<u> </u>	cts. 1 to 53 incl. to run conc. with each other, and on conc. i
	of 2 mons, the execution of the remainder of the sentence
. ^ \	
17:7	imprisonment is suspended and the deft. is placed on probation for a period of 2 years, subject to the standing probation of

DATE	PROCEEDINGS	Date O
12-2-75	ERNEST R. MULLENAX (atty, present) Filed JUDGMENT # /5 956. 2 yrs. on each of counts 1 to 51 incl. to run conc. with each other, and on condition that deft. be confined in a JAIL TYPE or TREATMENT TYPE institution for a period of 6 mons., the execution of the remainder of the sentence of imprisonment is hereby suspended and the deft. is placed on prob. for a period of 2 yrs., subject to the standing probation order of this Court. T. 18 U.S. Code 3651AND- FINED \$10,000. on count 1. Fine to be paid, or deft. is to stand committed until the fine is paid or he is otherwise discharged according to law. Fine stayed pending appeal. Bail pending appeal fixed at \$10,000. cash or surety. Deft. advised of his right to appeal. Pollack, J. issued all copies.	
12-3-75	E. Titlow-filed CJA 20 approval for payment of fees of atty. William Richman. Pollack, J.	
12-5-75	JAMES GALVIN JOINER (atty. present) Filed JUDGMENT # 75.455 2 yrs. impr. on count 1. Pur. to Sec. 4208(a)(2) of T. 18,0.5. deft. shall become eligible for parole at such time as the Board of Parole may determineAND - FINED \$2,500. fine to be paid or define to stand committed until the fine is paid or he is otherwise discharged according to law. Counts 2 to 53 incl. are dismissed on motion of deft.'s counsel with the consent of the Govt. Define to surrender himself to the Atty. Gen'd. by reporting to the Correction Institution to be designated by the Bureau of Prince Pollack, J. issued all copies.	, E
12-5-75	JOHN WELLS (atty. present) Filed JUDGMENT-Imposition of sentence of count 1 is suspended. Deft. is placed on Probation for a period of 2 yrs., subject to the standing probation order of this and probation is to be terminated upon recommendation of the Probation Office. Counts 2 to 53 incl. are dismissed. Polissued all copies.	
12-5-75	Filed Order for deft. J. Joiner to surrender for service of so on 1-9-76. Pollack, J.	e _
.2-8-75	ERNEST R. MULLENAX- filed notice of appeal from judgment of 12-2-75. Mailed copies.U.S. Atty. & deft.	
L2-10-75	Filed Deft. J. Boyd's notice of appeal from judgment of 12-2-75. Mailed copies to U.S. Atty. & deft.	
12-09-75	Filed deft. Robert E. Ford's notice of appeal from judgment of 12-2-75, mailed copies to U.S. Atty. & deft.	
12-10-75	E. Goodlog- Filed notice of appeal from judgment of 12-2-75. mailed copies.	
2-18-75	E. Titlow-filed documents forwarded by Magistrate Schreiber: docket entry sheet, appointment of counsel and financial affdut.	

D. C 110 Rev. Cl	vii Docket Continuation •
DATE	PROCEEDINGS
12-11-75	Filed documents forwarded by Magistrate Raby: docket sheet, bond pending appeal. (deft. Nobert Ford)
12-16-75	Filed P.R.B. pending appeal in the sum of \$5,000. secured by \$5,000. cash. (deft. M.S. Knisely).
	Find transcript of record of proceedings, dated Sep 16, 1975.
	Bryo, J. First comminment & ordered return, D. S. C. Swered to M. Ce.
11.14 15	Drover, E 122-15
12-19-75	Filed warrant for arrest of deft. E. Goodloe-service not indicated.
12-19-75	Filed warrant for arrest of deft. Joe Boyd- returned unexecuted 11- Deft. in custody.
1.3.15	Produce application of a prostrating distant 12 2 75
1 31.71	and the country of the state of
12-23-75	Filed notice that the record on appeal has been certified and transmitted to the U.S.C.A.
2-31-75	Filed notice that the suppl. record on appeal has been certained and transmitted to the U.S.C.A.
1-12-76	M.S. Knisely-filed CJA 20 appointment of counsel Armende L. 475 Fifth Avenue, N.Y.C. 10017 tele: (212) Mu 5-7908. Raby-Magistrate.
1-12-76	M.S. Knisely-filed CJA 20 approval for payment of fees of Pollack, J. issued all copies.
3-30-76	Filed Order that deft. Alan Irving Segal is ordered to surrender himself to the custody of the Atty. Gen'l., by reporting the Correctional Institution to the be designated by the Bureau of Prisons at 12 Norm on 2-27-76. Pollack, J. mn
01-30-76	Earnest Darwin Goodloe-filed bond pending appeal in the sum or \$25,000.
1-30-76	Alan Segal (atty. present) Filed Judgment -5 yrs. impr. on ea. of cts. 1,3,30,42 and 53 to rum conc. with each other. Pur. to the provisions of Sec. 4208(a)(2),T. 18 U.S. Code, deft. shall become ligible for parole at such time as the Board of Parole may determine. This sentence is to run conc. w/sent. imposed on 3-31-75 by MacMahon, J. on 74 Cr. 908. Cts. 2,4 to 29 incl., 31 to 41 incl. and 43 and 52 are dismissed on motion of deft.'s counsel with consent of the Covt. Deft. is continued on present bail until 2-27-76 at 12 noon at which time he is to surrender etc. Pollack, J. issued all copies.

DATE	PROCEEDINGS	Date (
-03-76_	E. Goodloe-filed CJA 20 appointment of counsel- Michael Stockamer- 100 Church St,N.Y.C. 10013-289-7203 Pollack,J. issued all copies.	
-03-76_	E. Goodloe-filed CJA 20 approval for payment of fees of M. Stockame Esq. Pollack, J. issued all copies.	r,
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UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

- V -

INDICTMENT

75 Cr. 140

JOE TRUMAN BOYD, JAMES CALVIN JOINER, ERNEST DARWIN GOODLOE, ROBERT E. FORD, SELWYN WEBER, EMERSON F. TITLOW, ERNEST R. MULLENAX, M. S. KNISELY, HOWARD L. BROOKSHIRE, WILLIAM WAYNE BARNETT, MARVIN J. RAPPAPORT, STANLEY SCHLEGER, EDWARD VANASCO, ALAN SEGAL, ROGER BISSETT, and JOHN WELLS,

Defendants.

The Grand Jury charges:

Introduction

- 1. At all relevant times herein, Select Enterprises Inc. ("Select"), was a corporate shell without substantial assets the shares of which were not registered for trading as required with the United States Securities and Exchange Commission (SEC).
- 2. At all relevant times, the defendants SELWYN WEBER ("Weber"), ROBERT E. FORD ("Ford"), ROGER BISSETT ("Bissett"), and MARVIN J. RAPPAPORT ("Rappaport") were attorneys admitted to practice law in their respective home States of Texas, Nevada and New York.
- 3. At all relevant times, the defendants WILLIAM WAYNE
 BARNETT ("Barnett") and STANLEY SCHLEGER ("Schleger") were public
 accountants, certified as such by the States of Texas and New York, respectively.

- 4. At all relevant times, the defendant HOWARD L. BROOKSHIRE ("BROOKSHIRE") was the President of the First Bank in Atoka, Atoka, Oklahoma.
- 5. At all relevant times, the defendants JOE
 TRUMAN BOYD ("BOYD"), JAMES CALVIN JOINER ("JOINER"), ERNEST
 DARWIN GOODLOE ("GOODLOE"), M. S. KNISLEY ("KNISLEY"), EMERSON
 F. TITLOW ("TITLOW"), ERNEST R. MULLENAX ("MULLENAX") and
 ALAN SEGAL ("SEGAL") were not regularly employed.
- 6. At all relevant times, the defendant JOHN WELLS was employed as a securities trader by Crown Trading Co., a Brooklyn, New York, securities broker-dealer registered as such with the S.E.C.
- 7. At all relevant times, the defendant EDWARD VANASCO ("VANASCO") was an undisclosed principle of Karen Co., a New York, New York, securities broker-dealer registered as such with the S.E.C.
- 8. This Introduction is hereby incorporated and realleged in each count of this Indictment as if fully set forth therein.

COUNT ONE

I. The Conspiracy

1. From on or about the 1st day of October, 1969, and continuously thereafter up to and including the date of the filing of this Indictment, in the Southern District of New York and elsewhere, BOYD, JOINER, GOODLOE, FORD, WEBER, TITLOW, MULLENAX, KNISELY, BROOKSHIRE, BARNETT, RAPPAPORT, SCHLEGER, VANASCO, SEGAL, BISSETT, and WELLS, the defendants and Joseph Azzarone, Fred Sherman, Stuart Shiffman and Michael Karfunkel, named herein as co-conspirators but not as defendants, and other persons to the Grand Jury known and unknown, unlawfully, wilfully and knowingly did combine, conspire, confederate and agree together and with each other to defraud the Unated States and to violate Sections 1001,

1341 and 1343 of Title 18, United States Code and Sections. 77e,,77q and 77x of Title 15, United States Code.

II. The Object of the Conspiracy

2. The object of the conspiracy was to obtain control of a "shell" corporation without any substantial assets, inflate artificially its price, and sell, pledge and distribute the shares at enormous profits to members of the public without providing material information required to be furnished by law.

III. The Means By Which The Conspiracy Was Carried Out

- 3. Among the means by which the defendants and their co-conspirators would and did carry out the conspiracy were the following:
- evade the registration requirements for the distribution of stock acquired stock of a corporation which stock had been originally distributed prior to 1933, and which stock under certain limited circumstances, not here applicable as the defendants well knew, need not have been registered. The defendant TITLOW then reactivated the theretofore dormant shell, caused its name to be changed to Select, and agreed to act as the agent for the transfer of its securities.
- (b) The defendant BISSETT certified a false statement of the capital structure of Select and issued his opinion letter in respect of its verification and validity.
- (c) The defendants KNISELY and WEBER became the President and Secretary, respectively, of Select.
- (d) All of the defendants and co-conspirators agreed to distribute thousands of shares of Select stock to lenders, brokers and purchasers throughout the United States and abroad, and to aid one another in such distributions, without filing a registration statement with the S.E.C.
- (e) The defendant BOVD transported thousands of unregistered Select securities in interstate commerce

from Reno, Nevada, to New York, New York, in order to create an artificial market in Gelect stock.

- (f) The defendants GOODLOE, BOYD, and KNISELY placed "assets" of insubstantial value and unproven worth into Select.
- (g) The defendants SEGAL, VANASCO and WELLS manipulated the price of Select stock by artificial means, including but not limited to the following:
- (1) The defendants SEGAL and VANASCO, together with co-conspirator Azzarone, caused Karen Co. to become an apparent market marker in Select.
- (11) The defendant SEGAL, together with co-conspirator Karfunkel, caused Economic Planning to become an apparent market maker in Select.
- (111) The co-conspirator Karfunkel, distributed 1000 Select shares at a \$8.00 per share while the price being quoted the public was approximately \$16.00 per share.
- (iv) The defendant SEGAL, through nominees, caused shan "crossed" trades or "wash" sales of Select securities at wholly artificial prices.
- (v) The defendant WELLS caused Crown Trading Co. to become an apparent market maker in Select.
- (h) The defendants BOYD, SEGAL, FORD, WEBER, BARNETT, KNISELY, RAPPAPORT, SCHLEGER, and VANASCO, together with co-conspirators Schiffman, Karfunkel, Azzarone and Sherman, made false, fictitious and fraudulent statements and representations, and made and used false writings and documents knowing the same to contain false, fictitious and fraudulent statements and entries, as to material facts in connection with the S.E.C. investigation of Select and to induce the S.E.C. not to suspend trading in the stock, and not to continue any such suspension, so that the defendants would be able to continue their fraudulent distributions. Such false statements included but were not limited to:

- and fraudulently prepared and back-dated and fraudulently prepared corporate records including minutes, contracts, financial statements, transfer records and press releases;
- (ii) false oral testimony and unsworn statements given to the S.E.C. concerning the above documents.
- (1) The defendants BROOKSHIRE, BOYD, JOINER, SEGAL and MULLENAX, together with co-conspirators Schiffman and Sherman, sold, pledged and otherwise disposed of Select stock to lenders, factors and purchasers.
- (j) The defendants and their conspirators fraudulen by prepared Select financial statements which were false and misleading for at least the following reasons:
 - (i) The assets shown on the balance sheets had not, in fact, been transferred into the company as of the date of the balance sheet.
 - (ii) The value of the assets set forth on the balance sheets were fraudulently inflated.

IV. Overt Acts

- 4. In furtherance of the said conspiracy and to effect the objects thereof, the defendants and their co-conspirators committed the following overt acts among others in the Southern District of New York and elsewhere:
- (1) In or about January 26, 1970, the defendant BOYD carried from Reno, Nevada, to New York, New York 1,036,603 shares of Select stock, delivered 100,000 shares to the defendant "EGAL in nominee names, and then locked the balance into a safe deposit box under their

control. The safe deposit box was locked by two different locks. BOYD and SEGAL each had one separate key and the box could not be opened without both keys.

- (2) On or about February 4, 1970, co-conspirator Azzarone filed an application form with the National Quotation Bureau ("Pink Sheets") for the purpose of publishing artificial prices for Select stock.
- (3) On or about February 11, 1970, the defendant SEGAL delivered 3,000 shares of Select stock to the President of Mann & Co.
- (4) On or about February 26, 1970, the defendants RAPPAPORT, SEGAL, and SCHLEGER, together with co-conspirator Sherman, prepared, back-dated and delivered documents, purporting to be contracts evidencing true business activities of Select, to the S.E.C. through co-conspirator Azzarone and others.
- (5) On or about March 1, 1970, the defendant SEGAL flew to Texas to obtain the signatures of the defendant KNISELY on the aforementioned back-dated contracts.
- (6) On or about March 9, 1970, the defendants BOYD and WEBER delivered signed copies of the aforementioned backdated contracts to the S.E.C. at which time BOYD made perjurious statements as to such false documents.
- (7) On or about March 28, 1970, the defendants BOYD, FORD, BARNETT and KNISELY fraudulently prepared, issued and caused the issuance of false and misleading certified financial reports to shareholders of Select and the trading public.
- (8) On or about April 17, 1970, after the termination of the S.E.C. suspension of trading in Select stock and for the purpose of promoting continued distribution and trading in such stock on behalf of all defendants, the defendants BOYD and FORD supplied false and fraudulent informs on to the S.E.C.

(9) In or about the week ending May 9, 1970, the defendant WELLS provided false and misleading information as to the Select trading market to purchasers, banks, pledgees and other lenders as well as to the S.E.C.

Each of the mailings, telephone and telegraph usages alleged in Counts Two through Twenty-eight of this Indictment are repeated and realleged herein as overt acts.

V. Statutory Allegations

- 5. It was further a part of said conspiracy that the defendants would, in a matter within the jurisdiction of a department and agency of the United States, to wit, the S.E.C., knowingly and willfully falsify, conceal and cover up by tricks, schemes and devices material facts, make false, fictitious and fraudulent statements and representations, and make and use false writings and documents knowing the same to contain false, fictitious and fraudulent statements and entries, in violation of Title 18, United States Code, Section 1001.
- 6. It was further a part of said conspiracy that the defendants, having devised and intending to devise a scheme and artifice to defraud and for obtaining money and property by means of false and fraudulent pretenses, representations and promises, would unlawfully, wilfully and knowingly and for the purpose of executing said scheme and artifice and attempting so to do, cause to be delivered by mail according to the direction thereon, certain matter to be sent and delivered by the Postal Service in violation of Title 18, United States Code, Section 1341.
- 7. It was further a part of said conspiracy that the defendants, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations and promises and for the purpose of executing such scheme and artifice, unlawfully, willfully and knowingly would transmit and cause to be transmitted by means of mail, wire, radio and

television communications in interstate commerce, writings, signs, signals, pictures and sounds in violation of Title 18, United States Code, Section 1343.

- 8. It was further a part of said conspiracy that the defendants would, unlawfully, willfully and knowingly, in the offer and sale of securities, namely Select stock, by the use of means and instruments of transportation and communication in interstate commerce and by the use of the mails, directly and indirectly (a) employ devices, schemes and artifices to defraud; (b) obtain money and property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) engage in transactions, practices and courses of business which operated and would operate as a fraud and deceit upon the purchasers and holders of collateral of Select securities in violation of Title 15, United States Code, Sections 77g and 77x.
- 9. It was a further part of said conspiracy that the defendants would, unlawfully, willfully and knowingly, directly and indirectly, make use of means and instruments of transportation and communication in interstate commerce and of the mails to sell and would carry and cause to be carried through the mails and in interstate commerce and by means and instruments of transportation for the purpose of sale and for delivery after sale, securities, namely Select stock, at a time when no registration statement was in effect with the United States Securities and Exchange Commission, in violation of Title 15, United States Code, Sections 77e and 77x.

(Title 18, United States Code, Section 371.)

COUNTS TWO THROUGH TVENTY-EIGHT

The Grand Jury further charges:

On or about the dates hereinafter set forth in Counts

the defendants BOVD, JOINER, GOODLOE, FORD, WEBER, TITLOW, MULLENAX, KNISELY, BROOKSHIRE, BARNETT, RAPPAPORT, SCHLEGER, . VANASCO, SEGAE, BISSETT, and WELLS, unlawfully, willfully and knowingly having devised and intending to devise a scheme and artifice to defraud the issuers of, nurchasers of, and lenders against Select securities, and to obtain money and property by means of false and fraudulent pretenses, representations and promises, and for the purpose of executing said scheme and artifice and attempting so to do, did place and cause to be placed in post offices and authorized depositories for mail matter, take and receive therefrom, and did cause to be delivered by mail according to the directions thereon certain mail matter as hereinafter set forth to be sent and delivered by the Post Office Department, and did transmit and cause to be transmitted by means of wire and radic communications in interstate and foreign commerce, certain telegrams and telephone calls addressed as indicated.

- 2. The allegations contained in paragraphs 3(f), 3(h) and 3(j) of Count One of this Indictment are repeated and realleged as though fully set forth herein.
- 3. On or about the dates hereinafter set forth in Counts Two through Twenty-eight, in the Southern District of New York, and elsewhere, the defendants BOVD, JOINER, FORD, WEBER, GOODLOE, TITLOW, MULLENAX, KNISELY, BROOKSHIRE, BARNETT, RAPPAPORT, SCHLEGER, VANASCO, SEGAL, BISSETT, and WELLS unlawfully, willfully and knowingly did place and cause to be placed in post offices and authorized depositories for mail and did cause to be delivered by mail according to the directions thereon, and did transmit and cause to be transmitted by means of wire and radio communications in interstate commerce, writings, signs, signals, pictures and sounds, between the addresses and instruments as hereinafter set forth:

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COUNT	DATE .	ADDILLIO.	וויים מנית ככנו.	Max.
2	Feb. 10, 1970	Weis, Voisin, Cannon, Inc., Philips, Appeal & Walden	Morris Tesser 621 Brighton Beach Ave. Brooklyn, New York	Letthr
3	Feb. 11, 1970	Francine Zahl	Nevada National Registrars 360 South Sierra Street Reno, Nevada	Letter
Spich Ten	Feb. 16, 1970	Karen Co.	Select Enterprises Inc. Nevada National Registrars 360 South Sierra Street Reno, Nevada	Letter
W 25	Feb. 16, 1970	Nevada National Registrars, Inc.	Allen Grant 333 Seventh Avenue New York, New York	Letter
6	Feb. 16, 1970	Weis, Voisin, Cannon, Inc., Philips, Appeal & Walden	Lloyd C. Hafner and Doris, JT/MROS 8 Vansiclen Drive Poughkeepsie, New	Letter 'ork
7	Feb. 20, 1970	First Devonshire Corporation	Nevada National Registrars 360 South Sierra Street Reno, Nevada	Letter
8	Feb. 27, 1970	Nevada National Registrars, Inc.	Orvis Brothers Thirty Broad Street New York, N.Y.	Letter
9	March 9, 1970	Nevada National Registrars, Inc.	Karen & Co. Two John Street New York, N.Y.	Letter
10	Mar h 9, 1970	Nevada National Registrars, Inc.	First Devonshire Corp. 67 Broad Street New York, N.Y.	Letter
11	March 9, 1970	Orvis Brothers & Co.	Nevada Natl. Registrars 360 So. Sierra St. Reno, Nevada	Letter
12	March 16, 1970	First Devonshire Corporation	Nevada National Registrars 360 So. Sierra St. Reno, Nevada	Letter
13	March 20, 1970	Nevada National Registrars	Orvis Brothers & Co. Thirty Broad St. New York, N.Y.	Letter
14	March 25, 1970	214-742-1569	212-759-7000	Telephone
15	March 25, 1970	214-742-1569	212-867-8181	Telephone

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COUNT	DATE	ADDRESSOR	ADDRESCEE	MEATIO
16	March 26, 1970	Orvis Brothers & Co.	Nevada National Registrars 360 So. Sierra St. Reno, Nevada	Letter
17	March 26, 1970	214-749-9951	212-867-8181	Telephone
18	March 26, 1970	214-742-1569	212-759-7000	Telephone
19	March 28, 1970	915-683-5561	516-536-6153	Telephone
20	April 7, 1970	Nevada National Registrars, Inc.	Orvis Brothers & Co. Thirty Broad St. New York, N.Y.	Letter
21	April 8, 1970	915-684-4215	212-759-7000	Telephone
₽2	April 13, 1970	Nevada National Registrars	First Devonshire Corporation 67 Broad Street New York, N.Y.	Letter
23	April 13, 1970	214-742-1569	212-759-7000	Telephone
24	April 14, 1970	214-742-1569	212-759-7000	Telephone
25	April 27, 1970	214-742-1569	212-759-7000	Telephone
26	April 29, 1970	303-892-5922	212-349-7210	Telephone
27	May 8, 1970	205-353-0521	212-349-7210	Telephone
28	June 8, 1970	Karen Co.	Florence Glantz 750-43 72nd St. Flushing, N.Y.	Letter

(Title 18, United States Code, Sections 1341 and 1343.)

COUNTS THENTY-NINE THROUGH FORTY

The Grand Jury further charges:

and continuously thereafter up to and including the date of the filing of this Indictment, in the Southern District of New York, BOYD, JOINER, GOODLOE, FORD, WEBER, TITLOW, MULLENAX, KNISELY, BROOKSHIRE, BARNETT, RAPPAPORT, SCHLEGER, VANASCO, SEGAL, BISSETT, and WELLS, the defendants, unlawfully, willfully and knowingly in the offer and sale of securities, to wit, shares of Select, by the use of means and instruments of transportation and communications in interstate commerce and by use of the mails, directly and indirectly, (a) did employ devices, schemes and

means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and (c) did engage in transactions, practices and courses of business which would operate and did operate as a fraud and deceit upon the purchasers of said securities.

- 2. The allegations contained in paragraphs 3(g), 3(h) and 3(j) of Count One of this Indictment are repeated and realleged as though fully set forth herein.
- 3. On or about the dates hereinafter set forth in Counts Twenty-nine through Forty, in the Southern District of New York, the defendants, BOYD, JOINER, GOODLOE, FORD, MEBER, TITLOW, MULLENAX, KNISELY, BROOKSHIRE, BARNETT, RAPPAPORT, SCHLEGER, VANASCO, SEGAL, BISSETT, and MELLS, unlawfully, willfully and knowingly did use and cause to be used, means and instruments of transportation and communication in interstate commerce and the mails, pursuant to and in furtherance of the scheme alleged in these Counts Twenty-nine through Forty, in connection with the following sales, pledges and dispositions of Select stock:

COUNT	DATE	PURCHASER, LENDER, ECC.	NUMBER OF SHARES
29	Feb. 10, 1970	Morris Tesser	100
30	Peb. 11, 1970	Trade Bank and Trust Co. New York, N.Y.	10,000
31	Peb. 11, 1970	Allen Grant New York, N.Y.	1,000
32	Peb. 11, 1970	Mann & Co. Medford, Mass.	3,000
33	Feb. 19, 1970	Central State Bank Brooklyn, N.V.	8,000
34	March 5, 1970	Forsite Fund New York, N.Y.	800
35	Marth 9, 1970	Fort Worth National Bank Fort Worth, Texas	10,000

COUNT	DATE	PURCHASER, LENDER, ETC.	NUMBER OF SHARES
36	April 10, 1970	American Founders Life Insurance Co. Austin, Texas	1,000
37	May 8, 1970	Essex Securities Denver, Colorado	200
38	May 8, 1970	State National Bank Decatur, Alabama	20,000
39	May 9, 1970	Home State Bank McPherson, Kansas	10,000
40	July 1, 1970	Town and Country Business Trust Witchita, Kansas	10,000

(Title 15, United States Code, Sections 77q and 77x.)

COUNTS FORTY-ONE THROUGH FIFTY-ONE

The Grand Jury further charges:

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On or about the dates hereinafter set forth in Counts

Forty-one through Fifty-one, in the Southern District of New

York, the defendants BOYD, JOINER, GOODLOE, FORD, WEBER, TITLOW,

MULLENAX, KNISLEY, BROOKSHIRE, BARNETT, RAPPAPORT, SCHLEGER,

VANASCO, SEGAL, BISSETT, and WELLS, unlawfully, willfully and

knowingly, directly and indirectly, made use of means and

instruments of transportation and communication in interstate

commerce and of the mails to sell Select securities, as herein
after set forth, no registration statement as to such securities

being in effect with the S.E.C.:

COUNT	DATE_	PURCHASER, LENDER, ETC.	NUMBER OF SHARES
41	Feb. 10, 1970	Morris Tesser	100
42	Feb. 11, 1970	Trade Bank and Trust Co.	10,000
43	Feb. 11, 1970	Mann & Co.	3,000
44	Feb. 19, 1970	Central State Bank	8,000
45	March 5, 1970	Forsite Fund	800
46	March 9, 1970	Forth Worth National Bank	10,000
47	April, 10, 1970	American Founders Life. Ins. Co.	1,000

רונוסס	DATE -	PURCHASER, LENDER, ETC.	NUMBER -
48	May 8, 1970	Essex Securities	200
49	May 8, 1970	State National Bank	20,000
50	May 9, 1970	Home State Bank	10,000
51	July 1, 1970	Town and Country Business Trust	10,000

(Title 15, United States Code, Sections 77e and 77x.)

COUNTS FIFTY-TWO AND FIFTY-THREE

The Grand Jury further charges:

On or about the dates hereinafter set forth in Counts Fifty-two and Fifty-three, in the Southern District of New York, the defendants BOVD, JOINER, GOODLOE, FORD, MEBER, TITLOM, MULLENAX, KNISELY, BROOKSHIRE, BARNETT, RAPPAPORT, SCHLEGER, VANACO SEGAL, BISSETT and WELLS, did, in a matter within the furisdiction of a department and agency of the United States, to wit, the S.E.C., unlawfully, willfully and knowingly, make false, ficititious and fraudulent statements and representations and did make and use false writings and documents knowing the same to contain false, fictitious and fraudulent statements and entries hereinafter specified in Counts 52 and 53, in toto and in, at least, the following particulars, to wit: (1) backdating (2) unauthorized signatures; (3) non-existent exhibits and attachments; (4) unauthorized warranties and representations as to third persons; and (5) misdescriptions of the value of Select shares.

COUNT	DATE DOCUMENT
52	February 26, 2970 "Dx (Schneiderman) 2 for id."
53	February 26, 1970 "Div. Ex. Azzarone 3"
	(Title 18, United States Code, Section 1001.)

FOREMAN

PAUL J. CURRAN United States Attorney

NIT	(m)	STATES _	CCURT	OF	APPEATS
		SECCLO			

FOR THE SECURE C

UNITED STATES OF AMERICA

- against -

JOE TRUMAN BOYD, et al,

Defendants.

UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK.

CASE NO. 75CR140

JUDGE _ Milton Pollack

CIARY# 751393

INDEX TO THE RECORD ON APPEAL DOCUMENTS Certified copy of indictments...... 1 J. Roger Bissett, PRB \$5,000.....? Emerson F. Titlow PRB \$5,000..... 4 M. S. Knisley PRB \$5,000...... 5 Joe Trum'n Boyd PRB \$5,000..... Ernest Darwin Goodloe PRB \$5,000..... 7 W.lliam Wayne Barnett PRB \$5,000..... 8 Selwyn S. Webber PRB \$5,000..... 9 Stanley Schleger PRB \$5,000...... 10 votice of appearance for Roger signet and Emerson Titlow 15 Notice of Appearance for Al Segal 16 Notice of Appearance for Stanley Schlege 17 otice (Appearance for Macvin J. Rapport....... 18 No de ppeara de for William Wayne Barne t..... 19 Appearing for Howard L. Brookshire 90 ADELLE OF AND ATTING to John Wells ?!

UNITED STATES OF AMERICA	
- against -	
JOE TRUMAN BOYD, et al,	
. Defendants.	:

INITED STATES DISTRICTORY
FOR THE SOUTHERN DISTRICTORY
NEW YORK.

CASE NO	750	CR140	_
JUDGE _	Milton	Pollack	

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- against	- 1	:	CASE NO.	75CF	2140
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. Defendants.

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- against -

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- against -	CASE NO
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CLS 2 NO. 75CR140

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YOR THE SOUTHERN DISTRICT OF

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CASE NO. 75CR140

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UNITED STATES OF AMERICA

vs.

JOE TRUMAN BOYD, et al.

New York, October 17, 1975; 9.05 o'clock a. m.

(Trial resumed.)

(Jury present.)

THE COURT: This stipulation is marked Court's Exhibit 54 and the papers are admitted accordingly.

THE CLERK: The Court is about to charge the jury. Any spectator wishing to leave the courtroom will do so now or remain seated until the completion of the charge.

CHARGE OF THE COURT

reached the concluding phase of the trial. The case
will shortly be placed in your hands for your verdict.

I want to express to you the Court's appreciation and
thanks for your attentiveness, your patience during the
trial and your promptness in this case as befits the
triers of the facts in a case of the importance of this
one to the parties and in any case before the United States

Courts.

I shall now give you your final instructions, which will guide your deliberations. Briefly, as you have been told, the defendants on trial have been charged by the Government with criminal offenses. It is your recollection of the facts that counts here and not the recollection of the counsel and not my recollection. It is for you determine the weight that will be given to the evidence, the credibility that you will extend to the witnesses who testified and the reasonable inferences that are to be drawn from the evidence that has been received.

You have heard the summations of counsel.

If your recollection differs from that of counsel or from my recollection, if I should refer to any evidence, your recollection and the judgment of the facts that you make controls.

You must approach your duty with an attitude of complete fairness and impartiality, one in which you reach your decision solely on the evidence on the trial and without the slightest trace of sympathy, prejudice or bias for or against any defendant or the Government.

The fact that the Government is a party here entitlesit to no greater or no less consideration than that accorded to any party in a court of the United States.

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All parties are equals at this bar of justice.

It is my province to instruct you as to legal principles that are to be followed in the case and it is your duty to accept those instructions as they are given to you by me. On the other hand, it is your exclusive function to determine the facts on the basis of your consideration of the evidence and then, applying the instructions as to the law that I am about to give to you, to decide whether or not the defendant on trial before you is guilty of the charges against that defendant or not guilty.

You are the sole and exclusive judges of the facts. Your decision as to the fact is final and conclusive.

make rulings on various queestions, such as when a question put to a witness was objected to or after a question was put and was answered, a motion was made to strike out the answer. I have sustained some objections and I have overruled others. I have struck out answers and exhibits that were offered. It is essential in the performance of your duty that when anything was ordered stricken from the record you put it out of your mind and disregard it. Similarly, if a question was asked and an objection to that

question was sustained and no answer was given, the question itself should play no part in your consideration of the case.

No inferences as to guilt or innocence of any defendant on trial or as to the credibility of any witness should be drawn from any rulings that I have made or from the fact that upon occasion I have asked questions of certain witnesses. My questions were intended only for clarification, to expedite matters. They were not intended to suggest any opinions as to guilt or innocence of any defendant or as to the credibility of anyone who appeared before you. It is neither my intention nor my function to favor one side or the other or to imply that I have any views as to the credibility of any of the witnesses or as to the guilt or innocence of any of the defendants. That is your sole and exclusive function.

Counsel, you must remember, not only have the right but, indeed, it is their duty to thoroughly investigate their case and interview prospective witnesses and to press whatever legal objections they believe should be asserted and to seek to bar evidence or proposed evidence on legal grounds where that is appropriate. In doing so, each lawyer is simply performing his sworn duty as a lawyer for a client and on behalf of his client.

As I have indicated earlier, the indictment here is but a formal method of accusing a defendant of a crime and bringing the case into court for trial and determination. It is not any evidence that a crime has been committed and no inference of any kind may be drawn from the fact of the indictment. The grand jury which returned the indictment was not asked to find out if the defendant was guilty or not guilty. That is solely your function.

There are two indictments in this case. They have been consolidated for trial. The indictments together name 17 defendants in all. Three defendants, Messrs.

Segal, Wells and Joiner, have pleaded guilty. One defendant, Weber, took sick during the trial and is hospitalized and his case had been severed from this trial. One other named defendant was not called to this trial before you. Accordingly, there are only 12 defendants before you now.

No inference may be drawn against any defendant on trial because others named in the indictment pleaded guilty. The fact that three pleaded guilty is no evidence against those on trial and may not be considered in any way in determining the facts as to those who are before you. The 12 are the only persons as to whom you are called upon to render a verdict of guilty or not guilty

and, as I will explain to you shortly, in considering it, you may have to determine the nature of the participation, if any, of other defendants and alleged co-conspirators.

The indictment contains 53 counts against all of the defendants. Each count of the indictment charges a separate crime against each individual defendant. Each offense and the evidence applicable thereto should be considered separately from the other counts and within that count the evidence should be considered separately as to each of the named defendants. The fact that you may find all or some of the accused guilty or not guilty on any particular count should not influence your verdict with respect to any other defendant or with respect to any other count.

Each defendant before you has pleaded not guilty. That means that the Government has the burden of proving guilt beyond a reasonable doubt with respect to each crime that each defendant is accused of having committed. That burden never shifts. A defendant is under no obligation to undertake to prove his innocence. Indeed, a defendant does not have to submit any evidence at all. On the contrary, under our law a defendant is presumed to be innocent of any charge laid against him in the indictment. That presumption existed when the indictment was handed down

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and the fact that a defendant did not take the stand under the law creates no inferences against him. A defendant's presumption of innocence remains throughout the trial and in your deliberations. It is a presumption which is sufficient in itself to require an acquittal of a defendant unless you, the jury on all the evidence are convinced of his guilt beyond a reasonable doubt.

A reaonable doubt is one that arises out of the evidence in the case or the lack of evidence. doubt which is substantial and not merely shadowy. A reasonable doubt is one that appeals to your reason, to your judgment, to your common sense and to your experience. It is not an excuse to avoid performance of an unpleasant duty. A reasonable doubt is such as would cause prudent people to hesitate before acting in matters of importance to themselves. Putting that a litle differently, if you are confronted, as indeed you are here, with an important decision and, after reviewing all the factors that are pertinent to that decision, you find yourself beset by uncertainty and unsure of your judgment, then you have a reasonable doubt. Conversely, in that same situation if you have taken into account all the elements that pertain to the problem and you find you have no uncertainty and no reservation about your judgment, then you have no reasonable

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Proof beyond a reasonable doubt does not mean proof to a positive certainty or proof beyond all possible doubt. If that were the rule, few persons, however guilty, could ever be convicted. It is practically impossible for a person to be absolutely and completely convinced of any fact which, by its nature, is not susceptible of mathematical certainty. So, that kind of certainty, as I have tried to indicate, is not the test. You are going to have to rely on your own common sense and general experience in evaluating the evidence.

There are, generally speaking, two types of evidence from which a jury may properly find the truth in the facts of the case. One is direct evidence, such as the testimony of an eyewitness or a participant. The oth er is indirect or circumstantial evidence, the proof of a chain of circumstances pointing to the existence or nonexisence of certain facts. In order to prove a fact by circumstantial evidence, there must be positive proof of some fact which, though true, does not itself directly establish the fact in dispute but does afford basis for a reasonable inference of its existence. The fact or facts upon which it is sought to base an inference must be shown and not left to rest in conjecture and when shown

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it must appear that the inference drawn is the only one that can fairly and reasonably be drawn from the facts and that any other explanation is fairly and reasonably excluded.

A common example given to juries of circumstantial evidence, in explanation of what I have just said, is the following:

Suppose at the time that you came into court this morning, the sun was shining and there were no clouds in the sky and when you came into this trial courtroom the shades were drawn and the blinds were down so that you couldn't see outside and, then, pretty soon somebody came through that door, walking into the courtroom with a dripping umbrella and a dripping raincoat. You haven't been outside in the meantime. When you left outside, it was clear but when these people came in with their dripping umbrellas and raincoats, something may have happened outside. You would be entitled to infer from the circumstances that there is a dripping umbrella and a raincoat that it is raining outside. Thus, circumstantially you would infer from a fact, the dripping raincoat and umbrella, some other matter -- the rain outside. The mind is led circumstantially from a fact to reach another fact. That will give you an illustration of that circumstantial evidence is

and what it might lead to.

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It is not necessary that the participation or lack of participation of a defendant in any crime be shown by direct evidence. The connection may be inferred from such facts and circumstances as legitimately tend to sustain that inference.

In this case, of course, each side has produced both direct and indirect or circumstantial evidence.

The Government contends that its evidence establishes each defendant's guilt. Each defendant contends that no evidence has overcome the presumption of his innocence and that, at least, there is a reasonable doubt of his guilt. You apply to all the evidence the same standard of proof. It must satisfy you of the guilt of the defendant beyond a reasonable doubt or else you must acquit that defendant.

In evaluating the evidence which has been placed before you, you will determine the reliability of the witnesses you have heard and the extent to which you can count on any or all of them for accurate accounts of the facts. You have had an opportunity to observe the witnesses as they have testified. You want to be asking yourselves and thinking, together, how each witness impressed you. Did the witness appear to be truthful, candid, frank, forthright, or did the witness seem to be

 evasive or shifty or suspect in any other way. Did the witness appear to know what he was talking about and did he impress you as having a purpose to report his knowledge to you truthfully and accurately. Was he consistent or self-contradictory. How did the manner and matter of his direct testimony compare with his manner and matter of testimony tested on the cross-examination.

You should consider not only the intrinsic persuasiveness of each person's testimony by itself but its setting in the circumstances of the whole case -- for example, the degree to which any particular item of testimony is corroborated or contradicted by other evidence in the case -- and all such things you will test by your own mature judgment about life, about people, about human behavior.

A witness my be discredited or, as we say, impeached by contradictory evidence or by evidence that at other times he made statements inconsistent with his testimony here on the witness stand.

You should consider, among other th ings, the question of interest or motive. The witnesses have identified their backgrounds and associations. You may wish to consider whether the witness may have had inducements or incentives or motives to shade the truth or has

biases of one kind or another that may have led the witness, consciously or not, to give you less than a completely accurate account of the facts he purported to portray.

If you believe a witness has wilfully sworn falsely before you, you are free to disregard all his testimony or to accept and credit such parts of it as your judgment dictates should be accepted.

accomplice who provides evidence against a defendant on trial must be examined and weighed by the jury with greater care and caution than the testimony of an ordinary witness. The fact that these witnesses have pleaded guilty or that they may have motives for testifying falsely does not necessarily show that they were testifying falsely. The unsupported testimony of an accomplice, if credited by the jury, is sufficient on which to convict a defendant on trial when the Government has sustained its burden of proof.

Prior conviction of a felony does not render a witness incompetent to testify but is merely a circumstance which you may consider in determining the credibility of the witness.

A defendant on trial who has testified is to

have his testimony judged in the same way as that of any other witness. A defendant who testifies has a deep personal interest in the outcome. However, it by no means follows that simply because a defendant has a vital interest in the end result he is not capable of telling a truthful, candid version of the facts. It will be for you to make the judgment of his credibility under all the facts and circumstances in evidence.

The statements of a witness given under oath before trial in a hearing or proceeding or in a deposition subject to the penalty of perjury, which statements are inconsistent with the witness' trial testimony, are to be considered as evidence of the truth of the matter asserted, which the jury may consider with all the other evidence in the case. However, if the prior inconsistent statement was not under oath, it may be considered only for impealinment of the truth of the trial testimony.

before the Securities and Exchange Commission -- a declarant is a person who speaks, declares something -- and that testimony was given under oath under penalty of perjury and in it reference is made to others than the declarant, it may only be considered as against such others if you should find that there was a conspiracy, that the

party named in such testimony has, by independent evidence, been shown to be a member of the conspiracy and the statement concerning him was made in the course and in furtherance of the conspiracy and its objectives.

There has been testimony here to the previous good character of the defendant Bissett and Barnett, their reputation for truth and honesy. You should consider such evidence of good character together with all the other evidence in the case in determining the guilt or innocence of the defendant. Evidence of good character, if you believe it, may in itself create a reasonable doubt where, without such evidence, no such reasonable doubt would have existed but, if upon all the evidence you are satisfied beyond a reasonable doubt that the defendant is guilty, a showing that he previously enjoyed a reputation of good character does not justify or excuse the offense and you should not acquit a defendant merely because you believe he is a person of good repute in the community in which he moves.

The testimony of a character witness is not to be regarded by you as expressing the witness' personal opinion of the defendant's character. It is only a reflection of a reputation in the community. Testimony of character reputation is not to be taken by you as the witness' opinion as to the guilt or innocence of the defendant. The

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alone to determine. Consequently, you may consider whether those with whom the defendant came in contact previously were not informed or may have been misled and that the defendant did not reveal to them matters bearing on his character. This is a matter for you to determine from all of the evidence.

The 53 counts of the indictments fall into two major classes. Count 1 charges a conspiracy. The remaining 52 counts, which I shall call the substantive counts, charge all the defendants with separate violations of the particular United States statutes specified in Count 1.

You may request copies of the indictments and may have them with you after the case has been submitted to you.

Count 1, the conspiracy count, charges that between October 1, 1959 and February 10, 1975, when the indictment was returned, all the defendants and co-conspirators conspired to violate the federal mail and wire fraud statutes, the Securities Act of 1933, and the law which prohibits false statements to federal agencies, such as the Securities and Exchange Commission.

The indictments charge that the object of the

conspiracy was to obtain control of a shell corporation, here Select Enterprises, Inc., without any substantial assets, to inflate artificially its price and to sell, pledge and distribute the corporation's shares at enormous profits to members of the public without providing material information required to be furnished by law.

As a practical matter, it is impossible for the average investor to differentiate between securities of little or no value, those of high speculative nature and those offering at least reasonable prospects of a satisfactory return on the investment. He cannot, himself, make such distinctions because he is unable to make a personal investigation of the operations and financial condition of the company issuing the stock. He must, therefore, rely upon available oral and written information about the company, its financial condition, its assets, its management, its operations, its products, its resources, its prospects and the terms and conditions with respect to its securities.

The Securities Act of 1933 which Congress enacted in recognition of these facts and of the further fact that sales of securities often involve the use of the mails and other interstate facilities -- as, for example, a telephone -- proceeds on a philosophy of full and fair

disclosure of all material facts to prospective purchasers of securities.

It does this so that the public will have access to information necessary to make a truthful, realistic appraisal of the merits of the securities offered for sale and thus exercise an informed judgment in deciding whether to buy them.

The Securities Act accomplishes this objective in two ways that are directly relevant to the indictments here:

By Section 17, which the indictments refer to as Title 15, United States Code, Section 77-Q, it prohibits schemes to defraud, untrue statements and fraudulent practices in the interstate sale of securities.

as Title 15 of the United States Code, Section 77-E, it requires that before any security is offered to the public, the corporation issuing the security must file with the SEC -- Securities and Exchange Commission -- a registration statement making a full and accurate disclosure of material facts relating to the company's properties, its business operations, its management, its principal stockholders, its financial condition, supported by certified balance sheets and profit and loss statements and the

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amount and types of stock outstanding.

The registration of a proposed sale of stock

by people in control of a company will, of course, also

reveal to the public whether these controlling people

intend to sell their own shares, a fact that may be of great

importance to prospective or actual shareholders who may

rely heavily upon the continued confidence of these control
ling people in the company and in the value of its securities,

if any.

I have spoken of the conspiracy charged in

Count 1. What is a conspiracy? It is a combination or
agreement of two or more persons or concerted action by

two or more persons to accomplish a criminal or unlawful

purpose -- in essence, a partnership in crime.

A conspiracy presents a greater potential threat to the Government and to society than the lone wrong-doer. That is why it is a separate crime. Concerted action for criminal purposes often, if not normally, makes possible the attainment of ends more complex than those which the individual acting alone could accomplish.

Moreover, group association increases the likelihood that the criminal object will be successfully realized and renders detection more difficult than in the instance of the sole wrong doer.

It is because of these and other reasons that

Congress made a conspiracy or a concerted action to

violate a federal law a crime entirely separate, distinct

and different from the actual violation of the substantive

law which may be the object of the conspiracy.

The gist of the crime is the unlawful combination or agreement or scheme to violate the law. The success or lack of success of the plot or agreement or scheme does not matter. As I have already told you, a conspiracy is a crime entirely distinct and separate from the substantive crime itself.

In order to prove the crimes alleged in Count 1, the conspiracy count, the Government must establish the following elements beyond a reasonable doubt:

First, existence of the conspiracy charged in the indictments;

Second, that it was part of the conspiracy unlawfully to violate the provisions of one or more of the statutes specified in Count 1;

Third, that the defendant you are considering knowingly and wilfully became a participant in the conspiracy; and,

Fourth, that at least one of the co-conspirators knowingly committed at least one of the overt acts set forth

1.

in the indictments in the Southern District of New York during the period of its existence.

If the Government fails to establish each of these elements beyond a reasonable doubt, you must acquit the defendant under considerawtion. If, on the other hand, it has established each element beyond a reasonable doubt, you must find that defendant guilty.

established by direct evidence in order to convict. In fact, it can rarely be proved in that fashion for the reason that people seldom sit down and sign agreements to engage in an unlawful scheme or activity, much less to have them notarized or made known to the public. That type of conduct would be extraordinary. It is sufficient if two or more persons in any manner impliedly or tacitly come to a common understanding to violate the law. It is not necessary that the persons charged enter into a formal agreement or that they state all the details of their agreement or scheme or how it is to be effectuated.

Conspiracy is generally a matter of inference to be drawn from the conduct of the persons charged.

Actions may often speak louder than words and a defendant's participation in a conspiracy may be inferred from such facts and circumstances in evidence as appear to you

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logically to support or sustain such an inference.

It is sufficient that it be shown beyond a reasonable doubt

that the defendant and the co-conspirator came to a mutual

understanding to accomplish an unlawful act.

(Continued on next page.)

To determine whether a conspiracy existed,
you piece together the independent evidence relating to
each alleged conspirator and determine, looking at the
whole picture, whether the acts, conduct and statements,
establish to your satisfaction beyond a reasonable doubt
that there was a conspiracy.

If, for example, there was concerted action among several persons, with each of them doing something related to the acts of others, all of which contributed in the same or similar manner toward the accomplishment of some unlawful objective, such evidence would support the inference that those persons had conspired together to accomplish that unlawful purpose.

An unlawful agreement may exist even though
the individual conspirators may have done some acts
in furtherance of a common unlawful purpose apart from,
and unknown, to the others.

If you do conclude that a conspiracy as charged did exist, you must next find that what the conspirators intended to do would have violated one or more of the following statutory provisions:

The first provision states that: "Whoever, having devised or intending to devise any scheme or artifice to defraud or for obtaining money or property

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by means of false or fraudulent pretenses, representation or promises for the purpose of executing such scheme or artifice or attempting so to do, places in any post office or authorized depository for mail matter, any matter or thing whatever to be sent or delivered by the Postal Service or knowingly causes to be delivered by mail according to the directions thereon, any such matter or thing" shall be guilty of a crime.

The second of the provisions states: "Whoever, having devised or intending to devise any scheme or artifice to defraud. or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire communication in interstate commerce, any writings or sounds for the purpose of executing such scheme or artifice shall be" quilty of a crime.

The third of the laws stated in the indictment as an objective of the conspiracy, Section 17(a) of the Securities Act of 1933 states that: "It shall be unlawful for any person in the offer or sale of any securities by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, to employ any device, scheme, or artifice to defraud,

or to obtain money or property by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser."

Any person who wilfully violates this provision is guilty of a crime under Title 15, United States Code, Section 77q.

The fourth provision, Section 5(a) of the Securities Act of 1933 states that: "Unless a registration statement is in effect as to a security, it shall be unlawful for any person, directly or indirectly, to make use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise; or to carry or cause to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or delivery after sale."

Any person who wilfully violates this

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provision is guilty of a crime under Title 15, United States Code, Section

"Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and wilfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry" shall be guilty of a crime T. 18, Section 1001, U.S. Code.

If you conclude that a conspiracy as charged did exist, you must next determine whether the defendant you are considering was a member, that is, whether he participated in the conspiracy wilfully, with specific criminal intent, with knowledge of its unlawful purposes and in furtherance of its unlawful objectives. An act or a failure to act is knowingly done if done voluntarily and intentionally and not because of mistake or accident or other innocent reason. An act or a failure to act is wilfully done if done voluntarily and intentionally and with bad purpose either to disobey or disregard the law.

It is important to remember that in deciding

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he became a member. Nor is it required that he knew all the members of the conspiracy.

It is not necessary that the defendant be fully informed as to the details of the scope of the conspiracy in order to justify an inference of knowledge on his part. Omniscience regarding every aspect of the conspiracy is not indispensable to a finding of knowledge of the illicit purposes and the nature of the operation of the conspiracy. Legitimate and reasonable inferences of such knowledge can be drawn from circumstantial as well as direct evidence, and as I have explained, it is immaterial whether the defendant knew the full extent of the conspiracy and all of its activities and actors.

In determining whether the defendant was a member of the conspiracy, you must determine whether he participated with knowledge of its unlawful purpose. Knowledge is a matter of inference from the facts proved. As I said, it is not necessary that one be fully informed as to the details and scope of the conspiracy, or be acquainted with all of the conspirators, in order to justify an inference of knowledge. The question then is: Did he join the others with awareness of at least some of the basic purposes and aims of the conspiracy? If so, then he adopts as his own the past and future acts

of all the other conspirators.

The guilt of a conspirator is not measured by the extent or the duration of his participation. Even if he entered into the conspiracy after it was formed, or if he participated in it to a degree more limited than that of his co-conspirators, he is equally culpable so long as he was in fact a conspirator.

association with one or more conspirators does not make one a member of a conspiracy. Nor is knowledge of a conspiracy without participation therein sufficient to constitute membership. What is necessary is that the defendant participate with knowledge of at least some of the purposes of the conspiracy and with intent to aid in the accomplishment of those unlawful ends.

In short, a person becomes a member of a conspiracy by associating himself, even though informally, with a common plan or scheme, knowing the central aim or purpose, and intending to aid in bringing about the success of the plan or scheme.

If you find circumstances of intrigue or deviousness or attempts by the defendants to conceal the true nature of a transaction, this may be considered as circumstantial evidence of knowledge of unlawful purpose.

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So, too, any attempt to conceal or fabricate evidence may be considered by you as showing such knowledge.

Proof of several separate conspiracies is not proof of the single, overall conspiracy charged in the indictment unless one of the several conspiracies which is proved is the single conspiracy which the indictment charges. What you must do is determine whether the conspiracy charged in the indictment existed between two or more conspirators. If you find that no such conspiracy existed, then you must acquit. However, if you are satisfied that such a conspiracy existed, you must determine who were the members of that conspiracy.

If you find that a particular defendant is a member of another conspiracy, not the one charged in the indictment, then you must acquit the defendant. In other words, to find a defendant guilty you must find that he was a member of the conspiracy charged in the indictment and not some other conspiracy.

An agreement to accomplish an unlawful object does not cease to be a single conspiracy because it continues over a period of time or because there exists a time gap in the proof or a change in the membership.

The agreement may continue for a long period of time and include the performance of many transactions.

New parties may join the agreement at any time while others may terminate their relationship. The fact that the parties are not always identical or were not in direct contact does not mean that there are separate conspiracies. While the conspiracy may have a small group of core conspirators, other parties who knowingly participate with these core conspirators and others to achieve a common goal may be members of an overall conspiracy.

In essence, the question is, what is the nature of the agreement? That is for you to determine after examining all the evidence.

If you find the government has sustained the element as to a defendant's participation, we reach the final element. I have already mentioned that the fourth essential element of the crime of conspiracy is that an overt act intended to effect the object of the conspiracy be committed by at least one of the co-conspirators after the unlawful agreement has been made.

An overt act is any step, action or conduct which is taken to achieve, accomplish or further the objective of the conspiracy. The purpose of requiring proof of an overt act is that while parties might conspire and agree to violate the law, yet they may change their

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minds and do nothing to carry it into effect, in which
event it will not constitute an offense. The overt act
to further the objective of the conspiracy can be a
perfectly lawful act. It need be neither a criminal act
nor the very crime which is the object of the conspiracy.
It is any act or step in the carrying out of the plan.

It is not necessary for the government to prove that each member of the conspiracy committed or participated in one particular overt act, since the act of any one conspirator done in furtherance of the conspiracy becomes the act of all the other members.

Thus, the government is not required to prove all of the overt acts as alleged in the indictment.

It is sufficient if it proves the commission by any co-conspirator of at least any one of the acts in the Southern District of New York in furtherance of the objectives of the conspiracy within the period of the existence of the conspiracy.

I will now call to your attention the overt acts that have been set forth. When you get the indictment you will be able to read them again for yourselves.

The indictment charges as overt acts in furtherance of the said conspiracy and to effect the objects thereof the defendants and their co-conspirators

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committed the following overt acts among others in the Southern District of New York and elsewhere:

(1) In or about January 26, 1970, the defendant Boyd carried from Reno, Nevada, to New York, New York, 1,036,603 shares of Select stock, delivered 100,000 shares to the defendant Segal in nominee names, and then locked the balance into a safe deposit box under their control. The safe deposit box was locked by two different locks. Boyd and Segal each had one separate key and the box could not be opened without both keys.

This particular overt act, before I go any further, illustrates what I said before. All of the things that I have just read to you could be considered perfectly lawful acts but if they were part of a scheme to carry out a conspiracy and in furtherance of that scheme and conspiracy, then they become overt acts to show that the conspiracy is in operation.

The second overt act charged:

- (2) On or about February 4, 1970, co-conspirator Azzarone filed an application form with the National Quotation Bureau (pink sheets) for the purpose of publishing artificial prices for Select stock.
 - (3) On or about February 11, 1970, the

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defendant Segal delivered 3,000 shares of Select stock to the president of Mann & Company.

- (4) On or about February 26, 1970, the defendants Rappaport, Segal, and Schleger, together with co-conspirator Sherman, perpared, backdated, and delivered documents, purporting to be contracts evidencing true business activities of Select to the SEC through co-conspirator Azzarone and others.
- (5) On or about March 1, 1970, the defendant

 Segal flew to Texas to obtain the signatures of the

 defendant Knisely on the aforementioned backdated contracts.
- (6) On or about March 9, 1970, the defendants

 Boyd and Weber delivered signed copies of the aforementioned backdated contracts to the SEC at which time Boyd made perjurious statements as to such false documents.
- (7) On or about March 28, 1970, the defendants Boyd, Ford, Barnett, and Knisely fraudulently prepared, issued, and caused the issuance of false and misleading certified financial reports to shareholders of Select and the trading public.
- (8) On or about April 17, 1970, after the termination of the SEC suspension of trading in Select stock and for the purpose of promoting continued distribution and trading in such stock on behalf of all

defendants, the defendants Boyd and Ford supplied false and fraudulent information to the SEC.

(9) In or about the week ending May 9, 1970, the defendant Wells provided false and misleading information as to the Select trading market to purchases, banks, pledgees, and other lenders as well as to the SEC.

And then, finally, each of the mailings, telephone and telegraph usages alleged in counts 2 through 28 of this indictment are repeated and realleged herein as overt acts.

indictment which sets forth each of the mailings, telephone and telegraph usages in counts 2 to 28, I will hereby incorporate into this charge by reference as if fully set forth now, in order to save the necessity of reading each one of them at this time. You will have the opportunity in the jury room to read them. I will give you two examples which will show you what it is that I am referring to.

Count 2, under date of February 10, 1970 refers
to a letter which came from Weis, Voisin, Cannon, Inc.,
Philips, Appel & Walden and was addressed to Morris Tesser,
621 Brighton Beach Avenue, Brooklyn, New York. I believe
we had Mr. Tesser here before you, and that letter is

alleged to be a step in the carrying out of the conspiracy and, therefore, an overt act.

Now we take another one, count 8, for example, a letter dated February 27, 1970, written by Nevada

National Registrars, Inc. to Orvis Brothers at 30 Broad

Street, New York, New York. That letter is one of the exhibits in evidence and is claimed to have been a step in furtherance of the objectives and in the course of the alleged conspiracy.

Suppose I just pause to give you an opportunity to relax in your place before I go on with the remaining counts. I have completed my discussion of the conspiracy count, and I will take up the remaining counts in just a moment. You may relax.

(Pause)

I now take up the substantive counts.

Counts 2 to 28 are the counts that contain the references to letters, and telephone messages, they are the mail and wire fraud counts. For some reason unknown to me we refer to the telephone as a wire communication. We know we have satellites without wires these days, but that's a wire communication.

To establish that the defendants are guilty of the crime of mail and wire fraud as charged in counts 2

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to 28, the government must prove beyond a reasonable doubt as to the count you are considering each of the following elements:

- 1. That on or about the dates alleged in the indictment the defendant under consideration devised or intended to devise a scheme or artifice to defraud or to obtain money by fraudulent pretenses or representations.
- 2. That he did devise or became a party to such a scheme or artifice knowingly and wilfully, with knowledge of its fraudulent nature and with intent to defraud.
- 3. That he did use, or cause another to use, for the purpose of executing a scheme or artifice, transmissions, depending upon the count being considered, either over the telephone or through the United States Postal Service.

Before I go forward I want to call the following to your attention: What I have just read to you refers to action taken by the defendants and you may be wondering whether that means that each defendant must have sent a letter or had a telephone talk. It is not necessary for the government to show that the defendant you are considering himself physically committed the crimes alleged in counts 2 to 28 or, indeed, in counts 28

to 53. Section 2 of Title 18, United States Code, provides that a person who aids and abets another to commit an offense is just as guilty of that offense as if he committed it himself. Accordingly, you may find beyond a reasonable doubt that a codefendant committed the offense, and that the defendant aided and abetted him.

abetted the commission of an offense, you ask yourself these questions: Did he associate himself with the venture? Did he participate in it as something he wished to bring about? Did he seek by his action to make it succeed? If he did, then he is an aider and abettor.

There is another alternative basis upon which
you may find a defendant guilty on each of the substantive
counts in which he is named even if you are not
satisfied as to that defendant that each of the elements
I have previously described for those substantive
counts have been proved beyond a reasonable doubt.

This alternative basis is as follows:

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If you find beyond a reasonable doubt that 2 the substantive offense alleged in the substantive counts 3 were committed by one or more members of the alleged 4 conspiracy, that the defendant you are considering was 5 then a member of that conspiracy, and that the acts which 6 constituted those substantive offenses were done in further-7 ance of a portion of that conspiracy of which that defendant 8 was a member, and that the defendant might reasonably 9 have foreseen that those acts would be done in the course 10 of and to further that conspiracy, then you may find that 11 defendant is guilty of the substantive offenses alleged 12 in the substantive counts in which he is named, even 13 though he did not otherwise personally participate in the 14

So, as I read these essential elements to you of the mail and wire fraud and also of the securities law breach, and finally, of the false statements, where reference is made to action having been taken by a defendant, you will bear in mind that if his partner did it and he was a member of that partnership and it was done in furtherance and to carry out the objectives of the partnership, he is just as guilty as the co-conspirator who did it.

acts constituting those offenses or did not have knowledge

That follows from the theory of partnership

Now, I will go back and read to you the essential elements of mail and wire fraud as charged In Counts 2 to 28 so that this interruption and explanation will not have lost the thread in your minds.

The Government must prove beyond a reasonable doubt as to the count that you are considering each of the following elements:

That on or about the dates alleged in the indictment, the defendant under consideration devised or intended to devise a scheme or artifice to defraud or to pbtain money by fraudulent pretenses or representations;

Two, that he did devise or become a party
to such a scheme or artifice knowingly and wilfully, with
knowledge of its fraudulent nature and with intent to
defraud;

Three, that he did use or cause another to use, for the purpose of executing the scheme or artifice, transmissions, depending upon the count being considered, either over the telephone or through the United States Postal Service.

The first element of the mail and wire fraud counts is the existence of a scheme or artifice to defraud. The language describing the first element is almost self-explanatory. A scheme or artifice is merely a plan for

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the accomplishment of an object. Such a scheme or artifice may be found to exist without evidence of any formal action to make effective.

many, many means which human ingenuity can devise and which are resorted to by one individual to gain an advantage over another by false representations or suggestions or by suppression of the truth. Thus, a scheme or artifice to defraud is any plan or device by which one seeks to induce another to act in a way detrimental to his interests by means of the representations of a material fact which are false and untrue. Such representations may be made in two ways — by statements of a material fact which are just not true and by the omission from a statement purporting to state a particular fact or facts of other material facts which are necessary to a proper understanding of the truth of the matters stated.

In other words, once having undertaken to state a fact or facts, there is an obligation on the one who does so not to give such a distor od picture of them as to make the statements misleading concerning what the actual facts really are. Sometimes a half-truth is no better than an outright falsehood and a fraudulent representation may be effected by half-truths calculated

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to mislead. Having chosen to speak, there is an obligation to state all the facts which are necessary to a proper understanding of th particular subject matter which is being covered.

A statement, although literally true, is nonetheless false if when interpreted in the light of the effect it would produce on the minds of those whom it was calculated to influence, it would create a false impression of the true state of affairs.

I have told you that the second element of the mail and wire fraud charges is the requirement that the act should be wilfully and knowingly done. This second element of the mail and wire fraud charges which the Government must establish beyond a reasonable doubt is that when and if the defendant did the acts with which he is charged, he acted wilfully and knowingly -- the defendant or his partner in crime, if there be any.

The word "knowingly" means that the defendant acted purposely and deliberately. As used here, "wilfully" means intentionally, with a bad purpose and specific intent to do that which the law forbids.

In other words, to convict on any particular substantive count, you must find that as to that count the defendant you are considering purposely did, himself or

through his partner, if he had one, the acts with which he is charged and did not carelessly or negligently or through inadvertent error or mistake or something of that nature do the act.

Under these statutes, a false representation or omission to state a material fact does not amount to a fraud unless it is made with fraudulent intent. However, misleading or deceptive a plan may be, the use of the mails or the telephone to execute it does not constitute a crime if the plan was devised in good faith. Honesty and good faith on the part of a defendant is always a good defense to the charges in these counts and an honest belief in the truth of the representations made by him is a good defense, however inaccurate the statements may turn out to be.

The significant fact is the specific criminal intent and the bad purpose with which the defendant acted. The mere fact that a statement may be incorrect or even a gross misrepresentation of the facts does not amount to a fraud in the law unless the statement was made by the defendant knowingly and wilfully and with the specific intent to deceive.

The question of the defendant's knowledge and his intent and his wilfulness is a question of fact you

of fact, it involves what is in a person's mind or the purpose which motivates him in a given course of conduct. Obviously, we have not yet devised, and perhaps it is well if we never do, an instrument to record what goes on in a man's or a woman's mind. Rarely is direct proof available that a man has knowledge of a particular fact or has a particular purpose in mind when he acts. On occasion he may write a letter or admittedly have knowledge that a statement was false or acknowledge orally that he had an evil or forbidden purpose, but that is rare. Plainly, it is the exception rather than the rule.

Thus, direct proof of the knowledge of a falsity and a wilful and wrongful intent is not necessary.

Usually, such knowledge or purpose is established by circumstantial evidence and determined from the acts and conduct and all the circumstances and the natural inferences that you may draw therefrom.

fraudulent intent may be inferred from the intent of one party to a transaction to deprive another of the chance to bargain with the facts before him. Thus, where false representations are made as to the quality, adequacy or price of goods or property, fraudulent intent may be inferred if the jury so decides from the fact that

municated contain in itself anything criminal or objectionable or any misrepresentations or that disclose a fraudulent purpose of show that it was in furtherance of the scheme.

The matter may be wholly innocent in itself. Nor is it necessary that the defendant under consideration personally mail, telephone or otherwise transmit the alleged matter.

You need only find that the defendant caused the transmission by taking steps which he knew at the time might naturally and probably result in the use of the mails or telephone.

The next group of counts, Nos. 29 through 40, charge the defendants with 12 separate violations of Section 17-A of the Securities Act of 1933. Again, you will bear in mind what I told you about the means by which you can consider a defendant other than the one who actually acted.

you must find beyond a reasonable doubt as to the count you are considering each of the following elements:

First, that in connection with the offer or sale of the securities, the defendant engaged in a scheme or artifice to defraud or to obtain money or property by means of untrue statements of material facts or omis-

the victim was made to bargain without facts obviously essential in deciding whether to enter into the transaction.

I have previously instructed you on the meaning of false statements and misrepresentations. Remember that they may be made either by statements which are direct untruths, such as to say that something happened when it did not, or by statements of half-truths leaving out a part of the facts necessary to an understanding of the complete truth.

Remember, also, that the misrepresentations
must be material; that is, of such a nature that it would
tend to influence a reasonable person's decision whether to
act or not.

If you find that the defendant under consideration knowingly and wilfully engaged in the scheme to defraud, you must then consider the next element of the offense charged, that is, whether the mails or telephones were used in furtherance of that scheme.

The Government alleges that the defendants mailed or caused to be mailed letters relating to Select stock and its distribution, sale and transfer. It is also alleged that telephone calls were made to transmit information necessary to transactions in Select stock.

sions to state material facts necessary in order to make his statements not misleading, or engaged in a transaction, practice or course of business which would or did operate as a fraud or deceit upon the purchasers of that security.

Second, that the defendant did so wilfully and knowingly; and,

Third, that the defendant used or caused to be used the mails or means of communication in interstate commerce in furtherance of the scheme.

Section 17-A which deals directly with securities fraud, is very similar to the mail and wire fraud statutes as to which I have already instructed you, and you will follow those instructions in considering the Section 17-A counts. In particular, you remember that false representations can be made either by statements of a material fact which are just not true or by the omission to state material facts which are necessary to a proper understanding of the matters stated, and you will also remember that a scheme or artifice to defraud is any plan or device by which one person seeks to induce another to act in a way detrimental to his interests by means of untrue representations as to a material fact.

Section 17-A, however, has the further require-

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ment that the acts be done in connection with the offer or sale of any securities. I instruct you that Select stock is a security for purposes of Section 17-A.

I further instruct you that an offer or sale of a security includes every contract of sale or disposition of the security or of an interest in the scurity for value. Thus, for example, an offer or sale of the security occurs when a security is sold for money or when it is exchanged for property, such as a fur coat, or when it is pledged to secure a loan from a bank or other lender or when it is pledged to provide further security for an existing loan or debt.

Now, we are almost through.

Counts 41 through 51 charge the defendants with 11 separate violations of Section 5-A of the Securities Act of 1933. To convict a defendant of any of these counts, you must find beyond a reasonable doubt as to the count you are considering each of the following elements:

First, that the defendant unlawfully, wilfully and knowingly used or caused to be used the mails or interstate facilities to sell Sclect stock, or through such facilities caused to be carried the stock in connection with sales;

Second, that the Select stock sold was not

registered with the SEC, although required to be registered by the Securities Act of 1933.

So far as concerns the first element, I have already instructed you concerning the use of the mails and interstate facilities and you will apply those instructions here.

It was stipulated here that no registration
was ever filed for Select Enterprises stock. The Government has contended throughout this case that the defendants
caused to be sold or aided and abetted in the sale of
unregistered stock in public offerings thereof.

Counts 41 through 51 involve mailings or interstate facilities.

A third and another essential element of this offense is that the defendant knew that the offer, delivery and sale of Select Enterprises stock required the filing of a registration statement and wilfully and knowingly caused the use of the mails or interestate facilities directly or indirectly in the sale or delivery of these unregistered shares. It is not necessary for the Government to establish that the defendant knew he was breaking any particular law or any particular rule. Here, as in other phases of this case, the significant fact is the particular defendant's state of mind. My instructions

as to wilfulness, knowledge, specific intent and evil motive or purpose apply to these counts as well as to the others.

The law would exempt the transactions here involved if no public offering were involved. Offering shares through the pink sheets does involve a public offering and if you find that Select stock was so offered by Select through dealers who went into the pink sheets at its behest, a public offering is involved by an issuer.

We come now to the last two counts, 52 and 53, which charge the defendants with making false statements to the SEC -- the Securities and Exchange Commission.

The statute involved which I have already read to you makes it a crime knowingly and wilfully to use a false writing or document in a matter within the jurisdiction of any agency or department of the United States.

To convict on either of these counts, the Government must prove beyond a reasonable doubt the following:

First, on or about the dates specified in the Southern District of New York, the defendant you are considering did make or use the writing or document specified;

Second, such writing or document contained material false, fictitious or fraudulent statements or

Third, the defendant knew that the writing or document contained such material false, fictitious or fraudulent statements or entries; and,

Fourth, such writing or document was used in a matter within the jurisdiction of the department or agency of the United States, and the Securities and Exchange Commission is such an agency.

The mail, wire and securities fraud statutes and the false statements statute all involve the concept of materiality. The securities fraud statute employs the word "material" when speaking of a misrepresentation of a material fact or the omission to state a material fact.

The falsity involved in mail or wire fraud or in a false statement to the SEC must likewise be material. A fact is material if it is one which would induce a reasonable person to act because of it; that is, if it affects conduct. For example, with respect to a securities fraud, a fact is material if it would induce a reasonable investor to purchase or to refrain from purchasing a security.

With respect to the false statement statute, a fact is material if it reasonably tends to affect the conduct of an investigation.

Proof of motive is not a necessary element of

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of motive does not establish guilt nor does want of proof of motive establish that a defendant is innocent. If the guilt of the defendant is shown beyond a reasonable doubt, it is immaterial what the motive for the crime may be or whether any motive be shown but the presence or absence of motive is a circumstance which the jury may consider as bearing on the intent of the defendant.

Ladies and gentlemen of the jury, use your common sense in evaluating the evidence, the circumstances and the probabilities. Do not allow yourselves to be swayed or carried away or inflamed by Appeals to passion or sympathy. Suspicion and conjecture should not be substituted for proof or evidence. Suspicion and conjecture are not in evidence. You must maintain a calm, clear view of the case and not be sidetracked by anything or anybody from a fair, dispassionate consideration of the evidence in arriving at your resolution of the facts.

Under your oath as jurors, you cannot allow any consideration of the punishment which might be inflicted upon a defendant, if convicted, to influence your verdict in any way or in any sense enter into your deliberations.

The duty of imposing sentence rests exclusively upon this Court. Your function is to weigh the evidence in the

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case and determine whether the defendant is guil ty or not guilty, solely on the basis of the evidence and the law.

You are to decide the case upon the evidence and the evidence alone and, I repeat, you must not be influenced by any assumptions, conjectures, sympathy or any inference not warranted by the facts unless proved to your satisfaction.

I want you to 1 isten to each other carefully in the jury room when you consider the matter. If you think you are wrong and somebody else is right, don't be embarrassed about changing your opinion but, remember, each of you has to decide the case for yourself.

Each defendant must be considered by you separately and each count as to that defendant must be considered separately.

A verdict of guilty or not guilty as to any count on which the respective defendant is charged, to be acceptable, must be unanimous. You may, if you wish, report your verdicts separately from time to time as you reach them, unanimously, if that will aid you in your deliberations or you may wait until you have concluded all of your deliberations.

The oath you took right at the outset really sums up what you are supposed to do in this case and that

is, without fear or favor to anybody, you will well and truly try the issues according to the evidence and the law as stated to you in this charge.

If you desire any of the exhibits, those will be sent to you in the jury room upon request. If you want any of the testimony read, that can be done, also.

Please do not communicate with anyone concerning your deliberations about this case or how you stand, except in writing, signed by your foreman, and he will be provided with a pencil and paper by the marshals.

Now, I have concluded my charge but I would like to take a moment to talk to the lawyers at the side bar, who may wish to call to my attention any matter that I have overlooked or where I may have misspoken, and I will therefore excuse you to go into the jury room, but not to discuss this case or commence your deliberations; just go in there for a short recess while I take these legal matters up with the lawyers and then I will have you back for the cc cluding statement.

(The jury left the courtroom.)

THE COURT: I will now consider exceptions and requests.

Does the Government have any exceptions or

requests?

MR. MacDONALD: No, sir.

THE COURT: I will call upon the counsel for the defendants in the usual order.

Mr. Segal, are there any exceptions to the charge?

MR. SEGAL: Your Honor, my first exception would be with regard to the Court's statement in which it juxtaposed the failure of the defendant to take the stand with the presumption of innocence, as if the failure in some way was in derogation of presumption of innocence.

I felt that that could have been clarified in the charge is requested.

My second request, your Honor, is that in giving the reasonable doubt charge to the jury, the Court included in its statement the fact that it is impossible to have no doubt or that there can be a mathematical certainty and I felt that by juxtaposing those two concepts, about the reasonable doubt and the fact that it is impossible to have no doubt, that the jury may not have gotten a clear view of reasonable doubt.

The third objection, your Honor, is with regard to the inference example, because I felt that where there is smoke there is a fire conclusion, there is no guide except evidence which legitimately can sustain the conclusion, as

the Court stated, gave them no clear idea of the inference,
the circumstantial example. In that connection, I would
object to the Court's failure to charge the two inference
rule as proposed in the requests to charge made in court.

The main thrust of my objection, your Honor, would be in connection with the Court's description of Section 5 in connection with the explanation given in the conspiracy count. In that example of the potential statutes which the jury has to consider, the Court laid out those sections of the 1933 Act which are necessary and, in the Section 5 example, there was no relationship or explanation of the grandfather clause or the pre-33 registration which we have continued, or any explanation of in what way the shares of stock in this case may be either exempt from or subject to registration.

For the moment, I would move on to the Section

5-A example that the Court gave and the substantive counts

toward the end of the charge. The Court indicated that

while there was a stipulation that no registration state
ment was filed, there was no explanation that the defendants

may have been operating under an exemption and, in fact,

there is testimony in the transcript of Mr. Boyd in which

in speaking with Mr. Hewitt he indicated a difference of

opinion and, in fact, an ignorance of the fact that registra-

tion was required for this type of a corporation, so that the contention has not been fully explained.

I think also, your Honor, and I would urge that the Court reconsider its Section 17-A substantive charge, or at least review it. As my notes give it, in the offer of sale or contract of sale of disposition of a security, the Court, I believe, stated that a sale occurs when it is sold for money, when it is exchanged for property, when it is pledged to secure a loan and as a further security for existing loan or debt.

squarely against that pledge idea that the Court has proposed, which is McClure versus First National Bank of Imbbook, Texas. It is a Fifth Circuit case, 497 Fed. 2 490, and I believe that the holding there is that the pledge of unissued stock as collateral does not constitute a sale within the Securities Act in the circumstance where the bank does not subsequently sell the stock, so that in an instance where a stock is held by the bank and is not disposed of, it cannot be said to have constituted a sale. That is the only holding, frankly, that I could find.

I don't know if any Second Circuit case exists in that regard but there is at least a Fifth Circuit case and I believe that the cite to the particular section that

I am talking about would be about the last page or two of that opinion.

THE COURT: Is that all?

MR. SEGAL: Your Honor, under the grandfather clause situation, I am not certain but that the application which is made to the National Quotations Bureau specifically makes provision in that application which is in evidence, for the fact that there is some exemption which is relied upon in requesting the listing, so that that at least would be some evidence as to that incident. At least, we are contending that there was a proper use or a proper sale.

THE COURT: Is that it?

MR. SEGAL: I just have a few more items, your Honor.

My note is something about necessity for registration without instructing the jury whether or under what circumstances registration of the shares was necessary.

I believe that in reciting Section 17 violation, the Court talked about a material fact and, of course, later in its charge the Court did explain what a material fact was.

I just felt that in the Section 17 explanation, that an explanation of the material fact should have been given at that point.

The Court had been requested in my request

No. 17, I believe, in the last sentence, that is about independent evidence must be substantial. I believe that it may be of some assistance if the Court would consider that last full sentence of request No. 17 to include in any amendment to the charge.

THE COURT: I believe the charge adequately covers that in words and by implication, although not necessarily in your own words.

MR. SEGAL: Your Honor, in explaining the substantive counts, the Court indicated that there are two pases upon which the jury could find and one would be the aiding and abetting and the other would be in essence the Pinkerton theory. I am not sure, frankly, your Honor, whether or not the Court can charge the aiding and abetting, even though the indictment is silent as to that -- whether that is included --

THE COURT: That's the law. It is read into every indictment.

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MR. SEGAL: With regard to the Pinkerton theory, it is complicated for lawyers, and I think maybe it is incomprehensible to laypeople, but in charging on that Pinkerton theory they may reach a conclusion —

I believe that it is impossible for a jury to distinguish between the need for individual consideration as to the substantive counts and whatever findings and protections it has to receive with regard to the conspiracy counts.

I have no further objections, your Honor.

that neither you nor any defendant made any requests in respect of the grandfather's clause or appropriate requests on the subject of exemptions. I think it is a late moment to raise that kind of discussion, but if you can write out some brief indication of what you believe should be charged, and the circumstances are such that I do not require an examination of the law to determine the validity of your legal principles, I may give it further consideration by the time I come around to you a second time.

Mr. Stokamer?

MR. STOKAMER: I have nothing in addition to what Mr. Segal raised. I would like to join him in his requests.

MR. SEGAL: May I be excused for one moment, your Honor? I may be able to make a phone call that would help.

THE COURT: Yes.

Mr. Goldman:

MR. GOLDMAN: Are we deemed to have repeated the other requests and exceptions by other counsel?

I think that would save time.

THE COURT: Yes, and you will be deemed also to have failed to present any requests to charge on the matters raised. It works both ways.

Anything else?

MR. GOLDMAN: Yes, your Honor.

I would except to your Honor's charge on accomplice. I believe you used the words "greater care or caution," and I believe that that diluted the standard.

THE COURT: How would you charge it?

MR. GOLDMAN: Extreme care and caution, or some words to that effect.

THE COURT: All right.

MR. GOLDMAN: Your Honor said, in effect, if the jury finds there is a conspiracy to commit any of the crimes in the first indictment, and an overt act committed in the Southern District of New York in furtherance of

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that crime, that conspiracy, then you may find the defendants guilty.

I ask your Honor to charge specifically if they find there was a conspiracy to commit one of the crimes in that indictment, they must find that an overt act directed towards that particular conspiracy must be committed in the Southern District of New York. In effect there were four conspiracies rolled into one. The jury may find that there is one, but yet, as to the one they feel --

THE COURT: I would think that you would mount confusion on confusion by asking me to add to what I think is otherwise a very clear statement of the multiple conspiracy situation as announced by the Court of Appeals in a case that was tried by Judge Duffy. I assume you are familiar with the case I am talking about.

MR. GOLDMAN: Tramonti?

THE COURT: Yes.

MR. GOLDMAN: The problem here is that there are certain problems for some defendants who never left Nevada or Texas, or whatever, and although I realize there is confusion, I think that is caused by the inclusion of one --

THE COURT: That would breed confusion rather

than clear anything.

Is there anything else?

MR. GOLDMAN: I go along with that.

I would except to the Pinkerton charge in view of the fact that it is over the broad scale conspiracy charged in the first count.

THE COURT: Mr. Richman?

MR. RICHMAN: The defendant Titlow has no objections or exceptions to your Honor's charge.

THE COURT: Mr. Ehrlich?

MR. EHRLICH: Your Honor, the defendant

Mullenax respectfully excepts to your Honor's charge with

respect to the Pinkerton theory, that charge regarding

conspirator's alleged responsibility of substantive

offenses on the ground it violates the double jeopardy

provisions of the Fifth Amendment.

Secondly, we respectfully except to your Honor's charge with respect to aiding and abetting inasmuch as the indictment does not charge or cite 18 United States Code, Section 2.

Thirdly, your Honor, with respect to the example used by the Court with regard to inferences, and inasmuch as the Court charged that a conspiracy is usually a matter of inference, the defendant Mullenax

THE COURT: You want that?

MR. EHRLICH: Yes.

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THE COURT: I will not charge in the form

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requested. I don't feel that I have to at this time prune out language for you.

Go ahead.

MR. EHRLICH: Thank you.

Fourthly, we would except to that portion of your Honor's charge that to pledge Select stock as a loan or as additional security is an offer of sale within the provisions of the security laws on the grounds related to the circumstances in this case and submitted in pretrial motions, and I refer to Mr. Segal's case, the McClure case.

Lastly, we would request that your Honor charge the two-inference rule.

Thank you.

THE COURT: I take it you don't desire to reframe any of your requests?

MR. EHRLICH: No, your Honor.

THE COURT: Mr. Lesser?

MR. LESSER: No objections and no exceptions.

THE COURT: Mr. Rhodes?

MR. RHODES: Your Honor, there is one point I may not have written down correctly, where the Court charged the jury relative to the reputation testimony. I wrote down: You may considered that the defendant did

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not reveal to people his criminal conduct.

THE COURT: I didn't say that.

MR. RHODES: At any rate I point that out.

Other than that I have no objections or exceptions.

THE COURT: Mr. Berger?

MR. BERGER: Your Honor, in regard to the charge I object to the fact that there was an inference raised in the instruction that the crime of conspiracy is either worse or more dangerous than the substantive crime. I somehow got that inference from the instruction. I was not copying it down verbatim, but I did get that inference. I feel that that is objectionable.

In addition to that, I believe that we would be entitled to instruction on the words "as of," as a legal matter, as I requested in my instructions.

"As of a certain date," is a question of law and the jury should have been given some instruction with regard to that.

In addition to that I would quickly request that if possible some instruction be given with regard to the grandfather clause exemption which I too omitted to include. I feel in the interests of justice it should be put in.

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THE COURT: You had weeks and weeks; you had sufficient notice of the time when requests to charge were to be furnished, and there was not a single grandfather clause request by any defendant.

Is that everything on your part?

MR. BERGER: Lastly, simply the general objection that the requests to charge submitted by the defendant Rappaport were not given.

THE COURT: You can't throw in a blanket dragnet. Anything you have to say must be specifically called to my attention at this time, exactly what you consider you are entitled to, so I may have the opportunity before the jury goes out to consider what you are saying. If you are laying down some dragnet for appeal, this is the wrong time.

MR. BERGER: Specifically the two-inference instruction.

THE COURT: I have already announced on prior occasions that the two-inference rule is not the rule in this circuit.

Mr. Dulsky?

MR. DULSKY: I have one request, sir, and that is with respect to the matter of circumstantial evidence. I respectfully request that your Honor charge that the jury may not draw an inference from an inference; that the

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inference may be drawn but it must be drawn logically and must flow from direct evidence -- not from another 3 inference.

THE COURT: The charge on that score, I believe, is clear and adequate. I decline to charge the language suggested.

MR. DULSKY: I have no further requests, your Honor.

THE COURT: Mr. Concannon?

MR. CONCANNON: Nothing beyond Mr. Segal's objection, your Honor, which I join in, and beyond the requests of the defendant Vanasco to indicate to the jury the limited purposes of the evidentiary admissions concerning Karen & Company.

THE COURT: Mr. Rooney?

MR. ROONEY: We have nothing, your Honor.

THE COURT: Mr. Broderick?

MR. BRODERICK: Your Honor, I have no requests to charge, but I am concerned about the indictment situation. You mentioned in your charge you would be handing the indictment to the jury. Will you be handing both indictments to the jury?

THE COURT: What I will do is this: There is one single indictment now.

I.R. BROKERICK: I was not aware of that.

SOUTHERN DISTRICT COURT REPORTERS, U.S. COURTHOUSE FOLEY SQUARE, NEW YORK, N.Y. CO 7-4580

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THE COURT: Since the body of both indictments
was identical and there was only a difference in the number,
the page number of the criminal docket is left off and
Mr. Gardner's name is added to the list of those in the
indictment; so only one single paper goes to the jury.

MR. BRODERICK: A consolidated indictment? It was just added --

THE COURT: That's not the way. There were two separate indictments, one naming Mr. Gardner alone and one naming sixteen defendants. I have now consolidated them into one action.

MR. BERGER: May it please the Court, I forgot one thing.

When the indictment goes in Mr. Rappaport's name will be deleted from counts 52 and 53?

THE COURT: You sent me a note during the course of the charge. I denied your motion to dismiss. I considered your application on reargument and denied the reargument.

MR. BERGFR: That was the government's motion to reargue. My motion was granted by the Court and thereafter the government --

THE COURT: I did not dismiss any count as to any defendant at any time.

MR. BERGER: I don't know if a record was taken

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on it. My opinion is that you originally dismissed counts 52 and 53. You gave the government an opportunity to reargue, and then you went ahead and said, "Reargument denied."

THE COURT: Mr. Berger, you are engaging in wishful thinking. I stated I denied the motion to dismiss and I would consider that tomorrow; that you handed that up as an application for reargument and I announced my decision, and that's the way it was and is.

MR. BRODERICK: Concerning the deliberation of the jury, the marshals -- this relates only to me because Mr. Gardner is presently incarcerated. The marshal is directed to close the door and everything else. I do not think there was any problem concerning the jury here, but I would say that if we could, I would like to have marshals that have not been in the courtroom that constantly guard the jury. I would not like to have that inference drawn here.

THE COURT: Is there anything else? I see you are back, Mr. Segal. Have you decided on anything? Is there anything you want to hand up? I don't want any oral conversation. This is a time when lawyers take the opportunity to try and get the judge into some kind of impromptu determination that has not been considered.

I worked on this charge for a week. I don't propose now, in a few minutes, to come to any decisions on matters that have not heretofore been submitted.

MR. SEGAL: Your Honor, my problem is that I have really tried to be right down the middle on this, without leaning one way or the other. I am just going to read to you what --

THE COURT: Hand it up to me. Don't read it to me.

MR. SEGAL: I will hand up two items, your Honor.

If I may approach the bench I may be able to
explain the second one.

THE COURT: Let me read it first.

(Pause)

THE COURT: Show it to the government.

(Pause)

about stock issued before the '33 Act. I don't believe that you can really mean that. Do you mean to say that Select stock was issued before the '33 Act? Select stock was the one that we are talking about.

MR. SEGAL: That's right, except we were getting into the Goldfield stock.

THE COURT: Throughout the charge I talked only

about Select. As a matter of fact, I think I mentioned

Select right at the opening. I never mentioned anything

at all about Goldfield and didn't intend to. I don't see

how you can get the grandfather clause into this affair

because Select was certainly a 1970 item and not a 1933

and earlier item. I think it is just an error on your part.

My recollection is that right at the start of
the charge on conspiracy and also again at another portion
of the charge -- the entire context of the charge relates
solely to Select. Here it is (indicating). Look here.

I charged that the indictment charges that the object of
the conspiracy was to obtain control of a Shell Corporation,
Select Enterprises, Inc.

I did not mention Goldfield, but I mentioned Select right at the start of the conspiracy charge.

That's why I am puzzled by any belated reference to a grandfather clause.

MR. SEGAL: The Goldfield stock was issued in 1915. That stock was what Segal put into the box with Boyd. The Select stock was transferred out of Goldfield, that 100 shares of Select. It was transferred out of Goldfield in 1970.

THE COURT: The securities violations related to Select Enterprises stock and that's the only charge that

has been given.

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MR. SEGAL: That charge I handed you doesn't help me.

> THE COURT: Neither does it pertain to the case. How about the first request? What about that? MR. MAC DONALD: We oppose it, your Honor.

We don't believe that states the law. We cited in our originally proposed charge a decision which supports the charges drafted by the government. A pledge is a sale within the meaning of the Act, and although I must confess, because I didn't have that case called to our attention, I have not read it, but if that's the law of the Fifth Circuit, that's not the law here.

MR. SEGAL: They do distinguish other cases.

MR. MAC DONALD: It is obviously private litigation, and it is not a United States versus somebody else, and without the facts and circumstances of it before us it is difficult --

THE COURT: Let me say this: I decline to charge in the language of a supplemental request, number one, because the matter is submitted untimely; secondly, because on inspection of the item it raises questions of law that cannot be solved on horseback here.

There was no similar request relating to the

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subject matter heretofore submitted to me.

MR. SEGAL: For the Court's edification -THE COURT: I would like to mark this request

that you have submitted as a supplemental request as

Court Exhibit 50-A so that it goes with your requests.

(Court Exhibit 50-A marked.)

MR. SEGAL: The McClure case is 492 Fed. 2d 490. The Court may take a look at that after the jury goes out. It is there.

THE COURT: Let me just go down the various items.

Mr. Concannon, what was this that you put forth

about the limited purposes of the admission regarding

Karen & Company?

MR. CONCANNON: I submitted just that one request. I asked the Court --

THE COURT: If it is in the requests, let me look at it.

(Pause)

THE COURT: I decline to charge in the language charged in Court Exhibit 48 for identification, which was the Vanasco request to charge, except as already contained in the body of that charge.

I decline to charge as requested in the other respects except as already contained in that.

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Under those circumstances, I will recall the jury and advise them that I have no further additions to make to the charge.

MR. ROONEY: Are you going to discharge the alternates?

THE COURT: I am going to discharge them. Why?

MR. ROONEY: Maybe I misunderstood you. I thought they were going to deliberate as a group.

THE COURT: I told them not to deliberate until I recall them.

The Court declines to charge as requested in supplemental request number 2 by the defendant Boyd on two grounds: First, the stock involved in this case is the Select stock; secondly, the request to charge is incomprehensible.

(Jury in box)

THE COURT: I have no further additions to the charge. I will now ask the clerk to swear the marshal.

(Marshal sworn)

THE COURT: The alternates are excused with the special thanks of the Court for their faithful attendance and ability and willingness to serve. Fortunately, we are all in good health and all prepared; the jury is ready to deliberate. Please go to room 109 and pick up your

certificates of service. The clerk down there will give them to you.

(Alternates excused)

THE COURT: Now, Mr. Foreman, I have here twelve copies of the indictment and twelve copies of a verdict form and the original of the indictment. The jury may wish to use these to make its notations.

Bear in mind what I said about each count
to be separately considered as to each defendant, and the
evidence in connection with that count separately considered
as to each defendant. This has been set up for the
convenience of the jurors in following the names. I have
put them in alphabetical order for convenience in finding
their names, whereas you will find in the indictment
they are in a different and not alphabetized order. There
is no significance in that. This is just a setup, the
verdict form, for convenience. The marshal will give
those to you, and also paper and pencil.

You may now go to deliberate.

(Time noted: 11:20 a.m.; the jury left the courtroom to begin its deliberations.)

THE COURT: Gentlemen, some modus operandi has to be developed in connection with the exhibits. I hope it does not occur, but if there is any call for

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BEFORE THE

SECURITIES AND EXCHANGE COMMISSION

4 In the Matter of:

SELECT ENTERPRISES, INC. :

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Library Room
U. S. Courthouse
Fort Worth, Texas

Wednesday, April 22, 1970

The above-entitled matter came on for investigation at 1:45 p.m.

BEFORE:

OFFICER RICHARD HEWITT, Esq., Securities and Exchange Commission Fort Worth, Texas

OFFICER KENNETH B. HOOPER, Esq., State Securities Board Lubbock, Texas

APPEARANCES:

ROBERT E. FORD, Esq., Abilene, Texas, appearing for and on behalf of Ernest Darwin Goodloe.

PROCEEDINGS

Officer Hewitt: On the record.

Mr. Goodloe, this is an investigation relating to Select Enterprises, Incorporated of Midland, Texas.

Now, as is customary in a proceeding of this kind, Mr. Goodloe, I wish to advise you as follows:

This is an investigation by the Securities and Exchange Commission to ascertain whether there have been violations of Section 5 and Section 17 of the Securities Act of 1933, and violations of Section 10(b) and Rule 10(b)(5) thereunder of the Securities Exchange Act of 1934.

Now, for your advocation, Section 5 of the 1933 Act is the registration provision of that Act, and Section 17 of the 1933 Act is the anti-fraud provision of that Act.

Section 10(b) and Rule 10(b)(5) thereunder of the Securities Exchange Act of 1934, are the anti-fraud provisions of the 1934 Act.

Now, the facts developed in this investigation might constitute violations of other federal and state statutes, such as the federal mail fraud statutes and the Texas Securities Act, as well as those sections I have just mentioned.

Now, under the Commission's rules of practice you are permitted to be represented by an attorney of your own choice, and I notice that you have an attorney here today. Is that correct?

Officer Hewitt: And your attorney is Mr. Robert

Officer Hewitt: Mr. Ford, are you representing

Officer Hewitt: Now, I want you to understand at

Officer Watson: Will you please raise your right

this time, Mr. Goodloe, that any evidence that you may give

testimony or any other evidence which may tend to incriminate

may be used against you, and you may refuse to give any

you or subject you to fine, penalty or forfeiture.

Do you understand that?

Mr. Goodloe: Yes, sir.

Mr. Goodloe: Yes, sir.

Ford of Abilene, Texas, is that correct?

Mr. Goodloe here today?

Mr. Goodloe: Yes, sir.

Mr. Ford: Yes, I am.

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ERNEST DARWIN GOODLOE

was called as a witness by the Commission and, having been was
first duly sworn,/examined and testified as follows:

EXAMINATION

By Officer Hewitt:

- Q. Would you state your full name?
- A. Ernest Darwin Goodloe.
- Q. Your residence address?

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1	A.	1802 Highland, Abilene, Texas.
2	Q.	Do you have a business address?
3	A.	Yes, sir. It is 405 Beach, Abilene.
4		Mr. Ford: He is in the same building that I am.
5	/	By Officer Hewitt:
6	· e	All right.
7		This would be the Ford Building?
8	A.	Ford, right.
9	Q.	At North Fourth and Beach Streets in Abilene?
10	A.	Yes.
11	Q.	All right.
12		What is your present business?
13	A.	Just investments, I would say.
14	Q.	All right.
15		Now, this address at 405 Beach, does it have a
16	company	name or a dba?
17	A.	No, sir.
18		Well, I do have a I have been operating a company
19	The Amer	cican Education Eociety.
20	Q.	American Education Society?
21	A.	Yes.
22	Q.	Out of this 405 Beach address?
23	A.	Yes, sir.
24	Q.	Is that a Texas corporation?
25		We that mak a componention. The ter thick-

1	Q. dba?
2	A. 'dba, yes.
3	Q. What does the company do?
4	A. Selling educational materials.
5	Q. Books?
6	A. Yes. Ism not operating it now.
7	Q. You sold a set of books, that type of thing?
8	A. 'Right.
9	Q. What set?
10	A. International.
11	Q. International what?
12	A. 'International Encyclopedia.
13	Q. How long has it been since you have been operating
14	that business?
15	A. Oh, I started about the first of the year and quit
16	it about two months ago.
17	Q. O. K.
18	What is your age?
19	A. I was born in 1915.
20	
	Q. What is your birth date?
21	Q. What is your birth date? A. September 23rd.
21 22	
21	A. September 23rd.

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1	Q.	Are you a high school graduate?
2	A.	Yes, sir.
3	Q.	What high school?
4	A.	Aspermont High.
5	Q.	Did you attend a college?
6	A.	No, sir.
7	Q.	Have you ever been in the Armed Forces?
9	A.	No, sir.
9	Q.	Are you the same Ernest D. Goodloe that was the
10	subject (of a final judgment of permanent injunction in the
u	Western 1	District of Texas in Austin on August 16th, 1968?
12		Yes, sir.
13	Q.	I believe that was basically involving the securities
14	of a com	pany called International Soil Conditioning Corpora-
15	tion?	
16	- A.	Yes, sir.
17	•	I believe the injunction was for violations of the
18	registra	tion provisions of the Securities Act. Is that your
19	understa	nding?
20	A.	I don't know. I never did understand what the
21	injuncti	on was for.
22	e.	Did you keep a copy of the final judgment?
23	A.	Yes, sir.
24	Q.	You were served with a copy?
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- Q. About the time of the lawsuit?
- A. There wasn't any lawsuit.
- Q. Well, this was filed, was it not?
- A. (No response.)
- Q. Let me show you some documents.

Did you consent to the entry of an order of permanent injunction?

- A. Yes, sir. I consented. Right here.
- Q. Right.

I believe you testified before the SEC in that action, did you not?

- A. Yes, sir.
- Q. I believe your attorney was Charles Sabesta?
- A. Yes, sir.
- Q. Where does he practice, what town?
- A. Caldwell.
- Q. Caldwell?
- A. Yes.
- Q. And Mr. Sebasta explained what the lawsuit was about?
- A. I--I can't ever--I never did get--I asked why--what I violated. I have never been told any specific thing that I violated. I have never understood that, but he recommended that we accept the--that thing that he had me sign.
 - Q. But u don't think you ever understood it, really?

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1	A. I never did understand it. I never did know an act	
2	that I did that caused that.	
3	Q. Was the stock of International Soil Conditioner	
4	Corporation registered with the Securities and Exchange	
5	Commission?	
6	A. It was registered about this timeorwell, I don't	
7	know about the SEC. It was registered with the Texas	
8	Securities.	
9	Q. But you don't know whether it was registered with	
10	the SEC or not?	
11	A. No, I don't know.	
12	Q. Were you an officer of International Soil Conditions	r
13	A. No, sir, I was a director.	
14	Q. You were a director?	
15	/ A. Yes.	
16	Q. Did you sell any stock at that time of International	
17	Soil Conditioner?	
18	A. I organized International Soil Conditioner with a	
19	group of people.	
20	Q. Have you ever testified before the Securities and	
21	Exchange Commission before in any other cases?	
22	A. I don't remember.	
23	Q. How about Ten-Tex Land and Cattle? Did you ever	
24	testify before that?	

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Q. Have you ever--

Mr. For: Are you ready to leave that subject of Ten-Tex Land and Cattle?

Officer Hewitt: I was.

Mr. Ford: I would like just for the purposes of the record to ask him if he ever had anything to do with that company at all.

Officer Hewitt: All right. Go ahead.

Mr. Ford: Did you ever have anything to do with Ten-Tex Land and Cattle Company?

The Witness: For another company I leased land for them, to run cattle on it.

Mr. Ford: And that was River Bend Ranch in Parker County?

The Witness: Yes, sir.

Mr. Ford: And that's the only connection you had with them?

The Witness: That is all.

Mr. Ford: All right.

By Officer Hewitt:

- Q. Mr. Goodloe, have you over been convicted of a felony?
 - A. No. sir.
 - Q. Have you ever been charged with a felony?
 - A. Yes, sir. I was charged one time with moving

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cattle out of the place where they were mortgaged.

- Q. This was a state charge? It wasn't a federal charge, was it?
 - A. No. It wasn't federal.
 - Q. Do you remember where the case was brought?
 - A. Pecos, Texas.
- Q. What happened in that case? What was the disposition of it?
 - A. For the record can I outline it just a little bit?
 - Q. Sure. Go ahead.
 - A. It was during the drouth, about 1953.
 - Q. Yes?
- A. I bought some cattle from a ranch and I leased the ranch, and I gave them two notes. And due to the drouth I had to move the cattle from there over to another county to put them on wheat, to keep them from starving to death. And I did it with their permission.

And then I started selling the cattle and I turned the cattle-every check that I sold, I turned it in to them.

Now, they applied some of those checks to the least instead of the cattle note. So, then, they filed a suit against me for moving the cattle out.

See, we went in to court and I had cancelled checks to show that I had paid them. And they had the--on all of the cattle that I bought from them and they had credited that on the payment of those cattle on the--on the lease instead of the cattle, and the judge instructed a no guilty verdict.

Q. All right.

A. I want to point out something else there.

At that time I owed money to the-on some cattle and I had some cattle on the ranch. I had had a car wreck and it developed into heart trouble. And I couldn't look after my business too good.

Now, the people that I had bought the cattle from and the sheriff went out to the ranch and rounded up a bunch of cattle and brought them down and sold them to the sheriff sale.

- Q. Yes.
- A. And when this was proven in court that I had already paid—I had paid all of my cattle note off, and I turned in money for all of the cattle that they had a mortgage on, then that showed that the cattle that they had sold at the sheriff's sale was not these cattle but was cattle that was under my mortgage with the government.

QO. K.

Mr. Ford: And the District Attorney--I would like to add that the District Attorney there made the motion himself for and instructed verdict.

Officer Hewitt: O. K.

By Officer Hewitt:

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- Q. Was all of this in connection with a company called Western Land and Cattle Company?
 - A. No, sir.
- Q. Western Land and Cattle Company was another enterprise that you were connected with, was it not?
 - A. Yes, sir.
- Q. I was told, and I don't know whether this is true or not and that is what I want to ask you, that you were once in indicted in Tarrant County, Texas, in regard to Western Land and Cattle Company.
 - A. No, sir.
 - Q. You were never indicted in Tarrant County?
 - A. Not for Western fand and Cattle.
 - Q. All right
- A. I was indicted in Tarrant County on the Ten-Tex Land and Cattle Company.
 - Q. All right.

What was the disposition of that case?

- A. I want to give you that whole story, too.
- Q. O. K. Go ahead.
- A. When Layton Dodson--and this is the early part of 1961, or sometime in 1961, he talked to me about this plan of his of Ten-Tex.
 - Q. Yes.
 - A. That, you know, that he finally went into. And he

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said, "Would you serve as a director in this company since you are familiar with the cattle and have had a lot of experience with cattle."

And I said that I didn't see anything wrong with that.

Now, he wasn't even serious. It was idle conversation. And several months later when Layton Dodson organized Ten-Tex Land and Cattle Company, he listed me as a director in that company.

Q. Yes.

A. Now, when the first board meeting, organizational meeting come up, I found out that he had, and I went to him and I told him that I couldn't do that because I had a position in Western Land and Cattle Company. And I couldn't have a conflicting interest there.

Q. Yes.

A. So I wanted nothing to do with it. I didn't like the program. I didn't like his program and I told him that I didn't like it, and I didn't think it would work out. And that I didn't want anything to do with it.

And I asked him to have a resolution passed at that meeting to give—to take me off as a director, which would show that I never seved as a director of that corporation.

And a resolution was made for it.

Q. All right.

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 A. Now, later, after this Ten-Tex deal blew up, after it blew up on Dodson, I was working with--I was here in Fort Worth with an attorney by the name of Earl King.

Q. Yes.

A. -- to try to reorganize Western Land and Cattle Company, or a similar situation.

And so the Texas Securities called me down there to testify about—they were investigating me and my connection with Ten-Tex. So I hired Earl King to go with me to the State Securities, and we told them about this resolution that was filed, that I had signed the resolution. That the resolution was made.

And so they told us to come up here and get the resolution from the attorneys for Ten-Tex.

Q. All right.

A. And send it back to them so that would clear me.

Now, Earl King was handling my business and I had a lease on some--on a real valuable sercite lease. And we had an offer at the time of \$270,000 for this property. I had a lease that was fixing to expire if I didn't get the company organized and going.

Now, when Earl King and I went to Dallas and picked up this resolution that showed that way back there when he was first organized that I was not a part of Ten-Tex, he brought it back and was supposed to send it to the State Securities

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at Austin. And instead, he didn't do that.

At the time the State Securities was trying to indict Layton Dodson in Dallas, and they wasn't getting it done.

Earl King got the State Securities to come over her and indict Layton Dodoon, and me, too. And my indictment was conspiring to sell unregistered securities, if I remember right.

- Q. All right.
 What has happened to that case.
- A. All right.

Now, this—and Earl King was doing this. He got me indicted and it came out in the headlines and stopped all of the financing deals for the new minerals that we were going to put into operation.

In fact, we were already shipped sercite. In a week's time I lost almost—I lost my contract on the sercite. And Earl King organized a company and took that over. And they bought a land—Then this case never come up. It has nothing—that is the last I ever heard of it.

- Q. You don't know whether it is still pending or not?
- A. I don't know whether it is still pending or not.

 I have been to the Securities Commission. They don't tell
 me anything. That's the last I ever heard of it.
 - Q. O. K.

While you were talking, Mr. Goodloe, Mr. Ken Hooper of the State Securities Board, Lubbock Office, came in. Mr. Hooper would like to sit in on this case.

If you have any objection to his remaining in the room, he will have to leave, but if you don't mind--

A. It is up to Mr. Ford.

Mr. Hewitt: Is it O. K. with you?

Mr. Ford: Fine.

By Officer Hewitt:

Q. As you may know, Mr. Goodlos, of course there are both Federal and State Securities acts and they cover a great deal of the same grounds and this way you will only have to cover the same ground once, perhaps.

Have you ever been the subject of a State Cease and Desist Order?

- A. In Western Land and Cattle Company.
- Q. All right.

Were you named specifically in that order?

- A. I don't remember being named specifically. I mean,
 me. I remember it being Western Land and Cattle Company, but
 the record would have to show that. I just don't remember. I
 don't remember being named specifically. I could have been.
- Q. With regard to the felony charges, we have been talking about this case in Tarrant County, and you do not know the disposition of that. And the one out in Parker

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County, which was a directed verdict for acquittal. Do you have any other pending --

- There was one on the International Soil Conditioner A Cease and Desist Order.
 - All right.

As well as the SEC injunction on that? Of course the SEC just ran against you and not against the company.

- Yeah. You showed me that awhile ago. Do you mean A. that one?
 - Q. Yes, silr.
 - Right. A.

Officer Hewitt: All right.

off the record.

(Discussion off the record.)

Officer Hewitt: On the record.

By Officer Hewitt:

- How long have you known J. T. Boyd? Q.
- Well, I have known him back when he was a chiro-A. I believe that was, like, 1956 or '57. practor.
 - '56 or '577 Q.
 - Right. A.
 - All right. Q.

Have you been associated in any business dealings with J. T. Boyd prior to Select Enterprises?

Not really associated in any hisiness dealings.

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helped out on this mica property a little bit by going out there and—the main thing he was doing was going out there and corresponding and investigating on it. As far as any business dealings, well, it was just a pre-runner of that. It was his investigation of the mica.

Q. All right.

Now, the last time I talked with Mr. Ford I furnished him with a photocopy of some materials which we had subpoensed—we had planned to subpoens you to produce today.

Have you produced any books and records with regard to the material that was subpoensed?

- A. Well, no, because I just got word of this out in New Mexico. I had to drive in yesterday.
 - Q. So you don't have any books and records with you?
- A. No. All I have got is some records of some oil and gas properties.
- Q. You are talking about the Comanche County, Texas records?
 - A. Yes.
 - Q. You have records on that?
 - A. Yes.
- Q. Do you have any records with you concerning C. A. Morris and Company or the mica mine?
 - A. No, sir.
 - Mr. Ford: I have all of the C. A. Morris and

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Company records. You may have those.

Officer Hewitt: Let's get back to that in a minute. We will take them through the transactions, at least.

Mr. Ford: All right.

By Officer Hewitt:

- Q. The C. A. Morris and Company still exists?
- A. Yes. Well, now, I don't know. We are in the process of cancelling it.
- Q. Are you trying to merge it into Select, is that what you are telling me?

Mr. Ford: No, it is being lapsed.

Officer Hewitt: All right.

By Officer Bewitt:

- Q. Has the mica mine been sold to Select?
- A. Yes, sir, the mica properties have.
- Q. Were you an officer or director of C. A. Morris and Company?
 - A. Yes, sir.
 - Q. What is your position?
 - A. Well, at the time the sale was made?
 - Q. Yes.
 - A. I was president.
 - Q. You were president?
 - A. Of C. A. Morris and Company, yes.

It still is in official existence, evidently? Q. 1 Mr. Ford: Yes. 2 Officer Hewitt: O. K. 3 By Officer Hewitt: Is C. A. Morris and Company a Texas corporation? Q. 5 A. No. New Mexico. 6 Did you help organize it? Q. 7 Yes, sir. 8 Approximately What year? Q. 10 A. I believe 1963. What was the purpose of it at that time? 11 Q. It was -- the purpose was developing a mineral separa 12 tion system, to separate mica from the rest of the earth. 13 14 Q. All right. 15 Let's have these items marked. I might add, also, to establish the reserves, to 16 17 work on the mines to find out where it was. 18 Officer Rewitt: All right. 19 Let's have these exhibits marked as ED-1, 2 and 3 20 for identification. 21 (Whereupon, Commission's 22 Exhibit Nos. ED-1, 2 and 3 23 were marked for identification. 24 By Officer Hewitt: 25 Marked as Exhibit ED-1 is a compilation of

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photocopies relating to these mica properties in New Mexico. First is a letter from your attorney, Mr. Robert Ford concerning the mining claims, and these are in Ojo Caliente, New Mexico

- Yes, sir. A.
- That's up in the mountains? Q.
- Yes, sir. A.
- Let me call your attention back to this report, Q. which is entitled "Report on the Mining Properties of C. A. Morris and Company." This is dated January 20th, 1970, by George Harris. Do you know Mr. Harris?
 - Yes, sir.
 - Did you commission him to do this report? Q.
- Well, me and other people involved. I don't A. who all commissioned him. remember
 - You talked to him about it? Q.
 - I talked to him about it. A.
 - Do you remember what you paid him? Q.
 - A. No.
 - Roughly? Q.
 - I don't think I have paid him yet. A.
 - You haven't paid him yet? You still owe him on it? Q.
 - Yes. A.
 - Was this supposed to be paid for by C. A. Morris? Q.
 - Yeah, it was supposed to be paid for by me or Mazzis A. I don't remember which one.

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- Q. As far as you know he hasn't been paid?
- A. I know that he hasn't been paid because I know I will be getting a bill from him one of these days.
 - Q. You don't know how much you owe him?
 - A. No.
 - Q. Let me call your attention to where it states:
 "Stockholders of C. A. Morris and Company."

It mays, "In August of 1964, E. D. Goodloe purchased 22 claims from the Weisz, W-e-i-s-z, Company of Los Angeles."

Do you remember purchasing the claims?

- A. Yes, sir.
- Q. How much did you pay David Weisz and Company?
- A. I think about ten thousand.
- Q. All right.

It says down here that you formed C. A. Morris and Company in 1964. Was it money that was raised by C. A. Morris and Company, or did the money come out of your pocket?

- A. I don't remember.
- Q. You don't remember?
- A. I would tell you if I did.
- Q. Now, you talked about David Weisz and Company. Was that an individual, or--
- A. Well, a broker who handled it and I never did actually know.
 - Q. Do you remember the name of the broker?

- A. No. It is in the records. 1 Q. All right. 2 Now--3 It is in the files. 5 Q. 6 A. 7 looking after that operation. 8 9 10 11 my brother, is out there. 12 Q. 13 Yes, sir. A. 14
 - Is the mica mine currently producing?
 - It was two weeks ago. I haven't been out there or have heard any reports or anything about it because I am not
 - Who is looking after it?
 - It comes under Joe Boyd, and then R. B. Goodloe,
 - Your brother is also known as Parker Goodloe?
 - What does R. B. stand for? Q.
 - A. Roy Boyd.
 - Roy Boyd Goodloe? Q.
 - A. Yes.

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- Q. And he is known as Parker?
- Yes.
- Q. Now, from 1964 through 1969, was any mica produced by the mine?
 - A. Yes, sir.
 - Q. Pretty steadily?
- Well, no. When the system was -- when it was completed, when the plant and system was completed, it produced a very

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short time.

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And then Mr. Morris had a heart attack and closed the thing down. That was one reason for it. And the the other reason was that the -- the demand at the time for mica was very low.

We had been watching the North Carolina resources for all of these years, waiting until they played out, which put this back in--this will be the largest mica deposit in the Western United States, I suppose.

Now, this report says that in 1964, in addition to the mining claim which they list here, that C. A. Morris and Company purchased a mill site plant with machinery, and it also had a fourth air separation system.

All right.

It says that between January of '65, on through June of '65, that C. A. Morris and Company sold 5,304.35 worth of mica.

That is about right.

And that milling operations were suspended in June of '65 through 1969, and in '69 you moved the plant from Ojo Caliente to what they call the Cribbenville site. Is that correct?

A. Yes, sir.

Q. Did you help them move the plant?

Á. No. sir.

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- Q. It says the plant was erected and built under the personal direction of R. B. Goodloe and George McCoy, Jr.
 - A. That's the Ojo Caliente pilot plant location.
 - Q. Did you move the plant up to the mill site?
 - A. Yes, sir.
 - Q. Who is George McCoy?
 - A. He is a mechanic and welder.
 - Q. Where does he live?
 - A. He died.
 - Q. When did he die, '69 or this year?
 - A. I think in '68.
 - Q. O. K.

But, now, when did you start up production this last time? Was it since Select has acquired the company?

- A. Yes. I haven't had anything to do with the operations since it started this time.
 - Q. Right.

But it has only been since Select acquired it that it has produced any more?

- A. Yes, since we moved the plant from Ojo Calimte.
- Q. So we are talking about, really, late January of 1970 when C. A. Morris--when the mine was sold to Select Enterprises?
 - A. Yes.
 - Q. Who are the stockholders of C. A. Morris and Company?

Well, I bought out, over the past several years, A. 1 Thave bought out most of the stockholders. 2 How many were there back in '64? Q. 15 A. 22. 4 How many are there now? Q. 5 I really don't know. A. 6 Well, now, I believe you are acting as trustee, 7 are you not? 8 Yes, sir. I think it is in the neighborhood of-9 well, without my records I am going to guess around 12. 16 Well, you are a stockholder. Q. 11 A. Yes. 12 And so is Dr. M. S. Knisely? Q. 13 Yes, sir. A. How about Joe T. Boyd? 15 Q. I don't know about Mr. Boyd. Yeah, he was -- No, I 16 A. don't know whether he was a stockholder. He did some work for 17 He got stock from, you know, from Select, but--18 No, I am talking about whether or not he was a 19 20 stockholder of C. A., Morris and Company. 21 I don't believe that he was a registered stockholder, 22 was he, Bob? 23

Mr. Fod: I don't know. Officer Hewitt: All right. By Officer Hewitt:

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Q. How about Parker Goodloe?

A. Yes.

Officer Hewitt: Let's have this marked as the next exhibit number.

(Whereupon, Commission's Behibit No. ED-4 was marked for identification.)

By Officer Hewitt:

Q. Marked as Exhibit ED-4 is a Select Enterprise list of stockholders, dated February 20th, 1970, and I call your attention to page 3.

It says, "E. D. Goodloe, 10,000 shares." And then,
"E. D. Goodloe as trustee, 222,334 shares." And then,
"R. B. Goodloe, 10,000 shares."

A. Yes.

Q. Does that represent stock to go to the shareholders of C. A. Morris and Company, this 333,334?

- A. Can I outline my memory of this?
- Q. Sure. Go ahead.
- A. It was 66,667 times four.
- Q. All right.
- A. What does that figure?
- Q. I get 266,668 shares.
- A. Well, I believe it should be 266,667.
- Q. That's correct.

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- A.	That is on the first one.
Q.	Right.
A.	That one-fourth of that is mine. One-fourth of it
s Pari	ter Goodloe's. One-fourth of it is M. S. Knisely,
nd on	e-fourth of it is Joe Boyd.
9	In other words, each one of you is to get 66,667
hares	
A	Right. And out of mine, about 20 percent-tat
nasn't	been settled yet with some of the stockholders of
c. A.	Morris. I haven't settled up with them yet, but
roughl	y 20 percent goes to take care of other stockholders of
C. A.	Morris.
9	All right.
- A	. That's not determined yet.
•	. How about Parker G. Goodloe? Are some of his shares
to be	used for that purpose?
	. No, I don't think so. I think his is all to go to
him.	
	. How about Joe Boyd's shares?
,	. No. He has already got his. I have already turne
his or	ver to him. I haven't turned over anybody else's to
them.	

Boyd's shares, are they issued in his

No. sir. They are issued this way, and then I gave him his shares and signed the stock power.

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1	. Q .	And you gave him the stock power?
2	A.	Right.
3	Q.	For 66,667 shares? /
4	A.	Well, there's 60,000, and then I held 6,667 shares
5	for Mr. Fo	ord.
6		Mr. Ford: 6700.
7		The Witness: 6700.
8		Officer Hewitt: All right.
9		Mr. Ford, you have those shares that you received,
10	do you no	e ?
11		Mr. Ford: Yes. I have them if you would like to
12	see them.	
13		Mr. Hewitt: Let me look at the certificates.
14		By Officer Hewitt:
15	Q.	How about Dr. Knisely, has he gotten his shares yet
16	A.	No, sir. I am holding them.
17	0.	You are holding them?
18	A.	Yes.
19	0	Where are they located now?
20	A.	They are in Abilene, locked up.
21	•	In a safety deposit box, or what?
22	A.	A safety deposit box, yes.
23	0.	Which bank?
24	' A.	Abilene National Bank.
25	Q.	And the same with your brother's shares?
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,	A. I have got them. If you would like, I will show
2 1	them to you.
3	Q. They are out there in the mafety deposit box, also?
4	A. Yes.
5	Officer Hewitt: All right.
6	Off the record.
7	(Discussion off the record.)
8	Officer Hewitt: On the record.
9	By Officer Hewitt:
10	Q. I believe, Mr. Goodloe, Exhibit ED-4 shows that you
11	also received 10,000 shares. What was the nature of this?
12	A. Joe Boyd just gave them to me. I don't know, you
13	know he just made this out, and
14	Q. Did he give them to you the same as you got the
15	trustee shares?
16	A. Yes.
17	Q. Is that one certificate or a number of certificates
18	A. No, it is ten 1,000-share certificates.
19	Q. All right.
20	Where are those certificates?
21	A. They are locked up. I have never turned loose of
22	any of them.
23	Q. All right.
24	What about your brother, Parker, G. Goodloe?
25	He is also down here for 10,000 shares. Is that the same

thing?

1	/	A.	I don't know a thing about that.
2		Q.	Were you present when he got them?
3		A.	I wasn't present, no, sir.
4		Q.	Have you placed any of your shares or any of these
5	trus	tee si	nares as collateral for a loan at the bank?
6	. 1	A.	I have put some feelers out but I haven't pledged-
7	I ha	ven't-	-I did loan a certificate to a fellow in Dallas by
8	the	name (of McDonald, to see if he could get a loan, by puttin
9	up s	tock :	for security, as a collateral.
10		Q.	What is Mr. McDonald's full name?
11	/	A.	I can't think of his first name. I would be glad to
12	get	it fo	r you and send it. I don't know him real well.
13		Q.	Well, let's back up. How much stock has gone to
14	Mr.	McDon	ald?
15	•	A.	10,000.
16		Q.	Is it one 10,000
17	1	A.	Wait a minute.
18		Q.	Go ahead.
19	-	A.	I think it is just 1,000 shares. One certificate
20	for	1,000	shares.
21		Q.	Is it in your name?
22		A.	In my name.
23		Q.	Not as trustee?
24		A.	80.
25	1	Q.	You have given some to Joe Boyd, and of course Mr.

Ford has part of Mr. Boyd's, but other than that, it is all out there at the Abilene bank, with the exception of this one certificate?

- A. Gosh, I wish I had my file on that, but I--I don't have a thing to hide on the thing.
- Q. Well, let's take this one. You think you have got 1,000 shares in the hands of Mr. McDonald in Dallas. And you don't even know this man, and--
 - A. Yeah, I know him.
 - Q. You have met him a few times, is that correct?
 - A. Yes.

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- Q. And how did this come about?
- 13 A. Through Ken Hester.
- 14 Q. Where does Ken Hester live?
- 15 A. He lives in Dallas, 718 Adolphus Tower Building.
- 16 Q. All right.
- 17 How does Mr. Hester enter into this?
- 18 A. He was helping me secure a loan. That's what I got 19 H aim to do, help me secure a loan.

Officer Hewitt: Off the record.

(Discussion off the record.)

Officer Hewitt: Back on the record.

By Officer Hewitt:

Q. Mr. Goodloe, we were discussing the present whereabouts of the stock that you have.

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A. Yes.

Q. You said there was a 1,000-share certificate, you thought, that you had given to a Mr. McDonale.

- A. Yes.
- Q. Do you remember his first name yet?
- A. No.
- Q. In Dallas?
- A. Yes.
- Q. And he was going to try to get you a loan?
- A. Yes. And I think this Mr. McDonald is in a savings
- and loan company.
 - Q. All right.

And this was arranged by Mr. Ken Hester in the Adolphus Tower Building in Dallas?

- A. Yes, sir.
- Q. Does Mr. Hester have any Select stock that you know
- A. Back several weeks ago, I was feeling around about how to borrow money on some Select stock.
 - Q. All right.
- A. And I showed Mr. Hester some, and I let him keep it, maybe a day or two, or I left it during the day. Like that 1,000 shares, to show it to Mr. McDonald.
 - Q. All right.
 - A. And if you would like for me -- I don't remember,

;	but	I wou	ld like to give you a full report on it.
1		Q.	All right.
1	/	A.	In fact, I will bring the stock up here and show
4	you		
5		Q.	Have you borrowed any money
6		A.	That is the only one I have tried, really.
7		Q.	Have you approached any banks personally?
8		A.	No, sir.
9		Q.	Any savings and loan associations?
10		· A.	No, sir. That's all.
11		Q.	Now, have you used Select stock in your name, in
12	you	r nam	e as a trustee, or in any other respect?
13	1	A.	Well, now, yeah, I traded 60,000 shares of my stock
2. 14	for	some	land in California.
15		Q.	Where is this land located?
16		A.	It is in Riverside County.
17		Q.	And the land is in your name?
18		A.	Yes, sir.
19		Q.	Who did you trade with?
20		. A.	I traded with Brinles and Vinson.
21		Q.	Is this land adjacent land acquired by Select
22	En	terpri	.ses?
23		A.	Yes, sir.
24		Q.	How many sections did you get?
25		A.	I got 11 sections. 145
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This 60,000 shares that you traded, is this your tock as trustee, then?

- A. Yes. It is part of my stock.
- Q. Part of your stock?

Q. All right.

- A. Part of my personal stock.
- Q. But it came out of the sale of your interest to C. A. Morris and Company?
- A. Well, not necessarily. The other 66,000 shares that we have never gotten into there-
 - Q. Yes?
 - A. -- was what I got with my oil properties.
 - Q. All right.

This 60,000 is part of the oil properties?

- A. Well, it is-that's what I would consider that the 50,000 shares come from, the oil.
 - Q. All right.
 - A. The oil property, that is.
 - Q. All right.
 - When did you make this deal with Mr. Brinlee?
- A. Well, I think it was in-I don't know. It is in the records. It would show in the records.
 - Q. All right.

Let's back up. How long have you known Mr. Brislee?

A. I haven't known him long at all.

- Q. Well, how did you hear about him?
- A. Well, I was—I am interested in soil, you know, that's my business, soil conditioning, and so I was studying some land. There was a bunch of land out in California and somebody told me that Brinlee had a deal on a bunch of land out there.
 - Q. All right.

Who told you?

- A. Well, it was somebody in California out at Desert Center, I believe it was.
 - Q. You were out in Desert Center?
- A. I was out in Desert Center and they told me about it. And then they wrote him, or called him, or something, and then he called me.
 - Q. All right.

 Where were you when he contacted you?
 - A. I was in Ken Hester's office.
 - Q. In Dallas?
 - A. Yes.
- Q. All right.

 Did he call you on the phone or come over to see you?
 - A. He came over.
 - Q. All right.

 He told you that he owned a lot of land in

California?

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- A. Yes.
- Q. How much land did he tell you?
- He said he owned a lot of land. A.
- You were out there prior to that in Desert Center? Q.
- A. Yes.
 - Q. That's a little bitty town, isn't it?
- A. You bet it is.
- How did you happen to be out there? Q.
- Nothing was happening. I have been watching the A. Imperial Valley out there. The land there near the Colorado River and the alkali in the Colorado River, what it is doing to the land. I have been watching this for, like, six or eight years.

And so I was out there to--I see the need for an opportunity to irrigate the land out there.

- All right.
- So, can you pinpoint in time when Mr. Brinlee came to see you at Mr. Hester's office?
- A. Well, I think it was-well, I don't know whether it was January or Pebruary, but somewhere the first part of the year.
 - Q. All right.

And he told you he had a lot of land?

A. Yes.

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- Q. Did he tell you how much? 1 Well, not that -- right off -- not right at the time. 2 Just a lot of land. 3 Q. Did you meet Joan Vinson at that time? Yes, sir. A. 5 Q. She was with him? 6 7 A. Yes, sir. 8 Q. What did he want for the land? 9 Well, I don't know what he wanted a I know what we finally worked out on a deal, and it is under the contract. 10 1 It is on record, the records as turned over to Select. 12 All right. 13 Now, you are talking about, then, the contract 14 between Select and Vinson Investment Company? u A. Yes, sir. 11 Is that a Texas corporation, do you know? Q. ľ A. I don't know. 11 Q. And, then, there's the Desert Investment Company. 1 Who is the Desert Investment Company? 21 That's Vinson's, and the title--there was a possi-A. 2 bility of some title being bad on this land, and this was
 - bility of some title being bad on this land, and this was set up to hold that land. This is my understanding. I am not the one working it and doing it, but there's a certain amount of this stock that was to go into Desert Investment, and it would be held there to see that the title is cleared

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before it is delivered by the company. That is my understanding. And I am not handling the papers or the details on it.

- Q. Is it your understanding that Desert Investment
 Company is owned by Joan Vinson and Howard Brinlee?
 - A. That's my understanding.
 - Q. You never met them before?
 - A. No.

(Whereupon, Commission's

Exhibit No. ED-5 was marked

for identification.) (A-5)

By Officer Hewitt:

Q. Marked as ED-5 is a photocopy of the minutes of the Board of Director's meeting for Select Enterprises for March the 26th, 1970. I will call your attention over to the next to the last page, and it says that Select was issued 333,334 shares of the capital stock to Vinson Investment Company and W. L. Brinlee.

Did they split that half and half, or what?

- A. I have no idea, sir.
 - Q. You don't know?
 - A. No.
- Q. Next, 416,677 shares to be issued to Desert Investment Company. Is this one stock for the Riverside County, California land and one set of stock for the Imperial County land?

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1	convince us, you might say, that it is to convey subsequent
2	acquisition of a defendable title and an immediate right of
3.1	possession. /
4	Officer Hewitt: All right.

Now, I think you have told me before, Mr. Ford, none of the stock was delivered, is that correct?

Mr. Ford: That is correct.

Officer Hewitt: And both the 333,000-share block and the 416,000-share block-

Mr. Ford: That is right.

Officer Hewitt: All right.

By Officer Hewitt:

- Q. Let's get back to your original conversation with Mr. Brinlee. After he told you about the land he owned, did he indiate that he was interested in swapping for Select stock?
 - A. Yeah.
 - Q. All right.

 What did you do then?
- A. Well, I said I was interested and I got a map and had him map out where it was, and then I went to California and inspected it.
 - Q. You went out and looked at it?
 - A. Yes, sir.
 - Q. When you went to California did anybody meet you?

- 11	
1	A. No. I just
2	Q. Nobody met you?
3	A. No. I got a fellow by the name of Harvey to-that
4	knew the land around there, the country.
5	Q. What was his name?
6	A. Harvey.
7	Q. Robert Earl Harvey?
8	A. Yes.
9	Q. How did you meet Mr. Harvey?
10	A. Well, let's see; I suppose that came about-I got
11	that name from Mr. Brinlee.
2	Q. Do you remember
3	A. I would nearly have/to have gotten it from him
4	because I don't know where else I would have gotten it.
5	Q. You didn't know him beforehand?
6	A. No, sir.
7	Q. Where did you meet him in California?
8	A. Well, he came to my hotel and then drove me out to
9	the land.
0	Q. All right.
1	Where did you stay, Los Angeles?
2	A. Yes, sir.
23	Q. Near the airport?
24	A. Somewhere near the airport.
25	O all right.

Did you call him on a phone before you went to California?

- A. No. I think Brinlee must have done that.
- Q. All right.

So he picked you up. Did he drive you out to Desert Center?

- A. Yes.
- Q. He drove you down to Imperial Valley?
- A. Yes, sir.

Mr. Hewitt: Let's have these items marked for identification.

(Whereupon, Commission's

Exhibit Nos. ED-6 and ED-7

were marked for identification.

By Officer Hewitt:

- Q. Marked as ED Exhibit 6 is a photocopy of a portion of a map of Riverside County, California. You will notice there's Desert Center. If you will notice there's a group of squares here with little red X's. Is that the land that select has purchased, to your knowledge?
 - A. Yes, sir.
 - Q. You drove out to Desert Center from Los Angeles?
 - A. Yes, sir.
- Q. You came out this highway, did you not, and looked at some of this land?

- A. Yes, sir. I drove out on it.
- Q. Did Mr. Harvey seem pretty knowledgeable about the land?
 - A. Yes, sir.
- Q. Did you then drive down to Imperial County, California?
 - A. Yes, sir.
- Q. Marked as Exhibit ED-7 is a photocopy of a portion of a map of Imperial County, California. I notice there's a little town of Plaster City, and here below it is Coyote Wells. Did you drive out to this area?
 - A. Yes, sir.
- Q. Now, if you will notice, some of these section are marked with red check marks.
 - A. Yes.
- Q. Is this the land that it is your understanding is owned by Select?
- A. Well, I don't know whether this-this could be.
 That is not right. I don't know about these red checks.
- Q. You are talking about the portion down by the Mexican border?
 - A. I was thinking it was all up around here.
 - Q. All up around Ocotillo?
 - A. Right.
 - Q. And you drove out there and looked at it?

- 11		
1	A. Right.	
5	Q. How long did you spend in California on that t	rip?
3	A. Two, three days. I guess three days.	
4	Q. You flew out. You stayed overnight once in Lo	8
5	Angeles and once out there?	
6	A. I came back first from I went to one place fi	rst,
7	and then I went back and went to the other place.	
8		
9	A. Yes.	
10	Q. And then you went back to Los Angeles?	
11	A. Yes.	
12	Q. And then you went out into Imperial Valley and	3
13	back?	
14	A. Yes.	
15	Q. Now, this land out around Coyote Wells and Pl	aster
16	City, is that in the Imperial Valley?	
17	A. No, sir.	
18	Q. It is out of the Valley?	
19	A. Yes, sir.	
20	Q. West of the Valley?	
21	A. Yes, sir.	
22	Q. Between the Valley and San Diego?	
23	A. You know, without seeing a map of it, I-I ju	st
24	don't know.	

Now, I am talking about Imperial County now.

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' A.

West of El Centre.

Well, El Centro is -- this land is on the west side of the irrigation area.

It is not in the Valley, is it?

Well, I think it is -- I remember the valley. The A. Valley comes up into--it is right near the irrigation ditches

Q. It is not irrigated, though, is it?

A. No, sir. There's water under it.

In fact, isn't it up out of the Valley? Q.

Well, I don't think so. I would call the valley A. the land between the two mountains there.

That's kind of the foothills, isn't it? Q.

I don't know. . A.

Q. Well, you have been there.

A. It has good-looking soil and it has got water under

Q. How do you know it has water under it?

A. "all, really, Mr. Harvey convinced me that it did have. Different wells have been drilled.

Q. Did he show you some wells?

A. Well, up on the other end he showed me some.

Up around Desert Center? Q.

A. Yes, sir.

Q. Let's talk about Imperial Valley. Did he show you any wells down there?

- A. No. He just guaranteed that the water was there.
- Q. You had never met this man before?
- A. No.
- Q. What was his relationship to Brinlee?
- A. Well, I don't know.
 - Q. He just was doing you a favor?
- A. I guess he might have been getting a commission from Brinlee, or something.
- Q. Did he indicate that he was going to get some stock if the deal went through?
 - A. No. sir.
 - Q. Do you have an address for him in Los Angeles?
- -A. No, sir.
- Q. Up around Desert Center, was some of that land irrigated?
- A. Yes, sir, some of that up there at the Kizer place has water on it. Just north of Desert Center a couple of miles, and then out on the road north there. Northeast of Desert Center.
- Q. As I understand it, for the land in California, which I think amounts to 150 sections, is that correct?
 - A. (Witness nodded to affirmative.)
- Q. You are going to have to answer yes or no. He can't get a nod of the head.

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- A. Yes. Excuse me.
- Q. 150 sections of land, 750,000 shares of Select stock were to be traded for that, is that correct? The 150 sections of land?
 - A. Yes.
 - Q. What evaluation was placed on the Select stock?
- A. Well, I don't know as I can just say offhand. I brought Mr. Brinlee to Abilene and drew up a contract, and he was--I know what I was basing the value of the land on.
 - Q. What was that?
- A. I was hasing it on the—that if we will drill wells on it and drag it down, that it would have a value of \$1,000 an acre. And that if we couldn't sell that, we could lease that land for \$100 an acre a crop. There's numerous deals out there that could be made. And some deals where you could lease it to other people.

And I checked on other land around Desert Center
there, the same—the same background as this land. Those
people had put that land in cultivation and they have been
working it, and they have been using it. They took possession
of it.

There's never been any suits filed against them or anything since then. They are still farmingit. And my investigation showed that ours is the same condition as those people have.

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- Q. I am interested in your investigation. Who did you talk with besides Mr. Harvey?
- A. Well, I talked to a farmer out there on the--I don't know his name, but he is right out there on that road.
 - Q. Yes?
 - A. He bought some land.
 - Q. How long has he held his land, do you know?
 - A. He has got big citrus growths on it.
 - Q. Mature, pretty good-looking citrus growths?
- A. Tall as this room. Some of the most fertile land I have ever seen.
 - Q. Do you know Mr. Kind?
 - _ A. Yes, I met Mr. Kind.
 - Q. Where did you meet Mr. Kind?
- A. Well, I met him at--Lloyd Brinlee owed him money on that land.
- Q. Yes?
- A. And some of the stock that I gave him for my land,

 40,000 shares of it went to Grant Kind.
 - Q. Where does he live?
 - A. He lives in Los Angeles.
 - Q. Yes.
 Where did you meet him?
 - A. I met him out there.
 - Q. The same trip that you met Mr. Harvey?

- A. Well, I have been there several times. I think I 1 met him the second trip. Q. 3 All right. I couldn't say. The first trip or the second trip. When I got ready to pay for my land, well, as I--6 Q. Was Associated-7 Oh, yes, Associated was involved in it. I wanted to know who he owed. And I saw to it that I gave part of the 8 8 stock--they had to get together. 10 Brinlee and Kind? Q. 11 Yes. And somebody else. Kind had to get together A. 12 and agree on what they got. 13 All right. 14 So--15 I gave Kind 40,000 shares of that stock and I had A. 16 him sign an acquisition for investment purposes-17 Q. All right. 18 A. -- for the stock. 19 And then Mr. Brinlee got 20,000 shares? Q. 20 A. Right. 21 Do you know whether Mr. Brinles still has the stock Q. 22 /A. I have no idea. 23 Q. How much does Mr. Kind have? 24 I also had Mr. Brinlee sign this investment letter A. 25 deal.
 - Q. Let's go back to Exhibit RD-6. You will notice

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1	that there's some sections here with blue ink. Are those
5	mections that you have?
3	A. Yes, sir.
4	Q. And did you buy, yourself, from Ace Associates
5	directly?
6	A. Brinlee.
7	Q. From Brinlee?
8	A. Yes.
9	Q. How much money did Brinlee owe Mr. Kind?
10	/ A. I have no idea. They got together and said out of
11	that 60,000 shares that they get forty and Brinlee gets
12	twenty.
13	Q. Your brother, Parker Goodloe, has he bought any of
14	this California land that you know of?
15	A. No, sir, as far as I know he doesn't know anything
16	about it.
17	Q. Have you aided anybody else in buying any of this
18	land?
19	A. Have I aided anybody else?
20	Q. Yes.
21	A. No. I deeded two sections up there to Bob for
22	legal services.
23	Q. For legal services?
24	A. Yes.
25	Q. Which two, do you know?

A. That's marked up there at the top.

Q. All right.

The two over in the, well, it is in the northwest block?

A. Right.

Q. Do you know of anybody else in Texas that has bought this land?

A. No. sir.

Q. Did Mr. Brinlee ever tell you about anybody else that he was selling land to?

A. No, sir.

Q. All right.

The first trip you made out there after hearing about Mr. Brinlee is when you saw Mr. Harvey, and then you made another trip out there and you saw Mr. Kind on that trip, you think?

A. Yes, sir.

Q. Did you also see Mr. Harvey.

A. Yes. Let's see; I would say I have seen--I think
I have seen Mr. Harvey every time I went out there.

Q. About how many times have you been out there?

A. I have been out there three times.

Q. All right.

Did Mr. Brinlee ever go out there with you?

A. No, sir.

- 11		
1	Q.	Did Mr
2	A.	Wait a minute, yes, he did. Excuse me.
3	Q.	Which trip?
4	. A.	Let's see; BrinleeI don't know which trip, but
e ,	Brinlee w	ent with me.
6	•	Did Joan Vinson go with you?
7	_ A.	No, sir.
8	Q.	Did Mr. Brinlee offer you any other deals besides
9	the land?	
10	A.	He has offered me something on some silver.
11	· Q.	Silver certificates?
12	_ A.	No, not certificates. That he could do something
13	on silver	
14	Q.	Silver
15	A.	It was in the processing of silver. I haven't met
16	the guy.	He offered tothat he could sell us someit has
17	been so	long and I am so vague
18		Mr. Ford: Could I help a little bit?
19		Officer Hewitt: Yes.
20	,	Mr. Ford: Brinlee was in my office and he had part
21	of the or	riginal transactions dealing with the-with certain
22	mineral	royalties out in Llano County.
23		Officer Hewitt: Llano County, Texas?
24		Mr. Ford: Yes.
25		Officer Hewitt: All right.

Mr. Ford: And they had a stack of ore down there, and Brinlee had come up with a method of extracting the silver from this ore, which is supposed to be pretty good. But that's what he was wanting to trade a certain mineral tonnage into the company for stock.

Officer Hewitt: I see.

Mr. Ford: And it had a certain value. The company did not trade for that.

Mr. Brinlee--

Could we go off the record?

Officer Hewitt: Off the record.

(Discussion off the record.)

Officer Hewitt: Back on the record.

(Whereupon, Commission's Exhibit No. ED-8 was marked for identification.)

By Officer Hewitt:

- Q. In our discussion off the record, Mr. Goodloe,
 you indicated that although you didn't know definitely when
 you decided that you wanted to buy some acreage personally
 and Brinlee was willing to take Select stock in exchange for-
 - A. Right.
- Q. --that you kind of made him tell you who the deal was with and he came up with the name of Ace Associates, is that correct?

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- A. Yes, sir.
- Q. And when the deal finally worked out, out of the 60,000 shares of your stock which you traded for the 11 sections of land in Riverside County, California, 20,000 shares went to Brinlee and 40,000 shares went to Grant Kind, is that correct?
 - A. Ace Associates.
 - Q. It went to Ace Associates?
 - A. Yes.
- Q. Was the stock actually issued in Ace's name? Do you know?
- A. No. See, I gave them my--my stock out of the-this investment stock.
 - Q. Right.
- A. I turned it over to them, and then I got an exemp-
 - Q. All right.
 - And it was on, what, Ace Associates' letterhead?
- A. No. This was a regular form, just like when I signed when I picked up my stock.
 - Q. All right.
 - Who signed it for Ace Associates?
 - A. Grant Kind.
 - Q. O. K.
 - Marked as Exhibit ED-8 is a photocopy of a brochure.

Have you seen that brochure before?

A. No. sir.

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- Q. That's just a photocopy. Let me show you what the original looks like. Does that ring a bell?
 - A. No. sir.
 - Q. You have never seen it before?
 - A. This is my first time.

 Officer Hewitt: Let's go off the record.

 (A short recess was taken.)

 Officer Hewitt: On the record.

 By Officer Hewitt:
 - % Have you seen that before?
 - A. No, sir.
- Q. Are you an officer or director of Select Enterprises?
 - A. No.
 - Q. Do you have any real official capacity?
 - A. No, sir. I have never drawn a dollar from Select.
 - Q. You have never drawn a dollar?
 - A. No.
 - Q. All right.

Let me recapitulate your stock holdings to make

sure I understand. You received 10,000 shares from Joe T.

Boyd?

A. Right.

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1	Q. I believe you stated that you still have	ve that
2	stock?	
3	A. Yes, sir.	
4	Q. You received 66,667 shares as a result	of your
5	portion of C. A. Morris and Company?	
6	A. Right.	
7	Q. You received 66,667 shares as a result	of deeding
8	some oil and gas properties in Comanche County,	Texas, is
9	that correct?	
10	A. Right.	
11	Q. Have you received any other Select sto	ock?
12	- A. No, sir, that is it.	
13	Q. My addition is such that that would g	ive you a
14	total of 143,334 shares. Does that sound corre	ct?
15	A. Right.	
16	Q. Now, you have given 60,000 shares for	11 sections
17	of land in Riverside County, California, is tha	t correct?
18	A. Yes, sir.	
19	Q. And it came out of what you comidered	the Comanche
20	stock?	
27	A. Right.	
22	Q. 40,000 shares of that went to Ace Ass	sociates?
23	A. Yes.	
24	Q. 20,000 shares to W. L. Brinlee?	
25	A. Right.	

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Q. And there's a man with 1,000 shares, a Mr. McDonald over in Dallas?

- A. Yes, sir.
- Q. Has any other stock gone anywhere?
- A. I let A. P. Waldrap have, I think it was, 300 shares.
 - Q. All right.
- A. To use as security to help him out on a loan that he couldn't handle.
 - Q. Who is Mr. Waldrap?
- A. He lives at Brady. He used to be the president of the First National Bank at Brady, and he is retired.

Excuse me; not Brady. Melvin, Texas. Just a few miles out of Brady.

- Q. All right.
 - Did you endorse the stock over to him?
- A. I just sent him a stock power, a blank stock power.
- Q. O. K.
- A. It is lettered stock, and then I got an investment statement from him on it.
 - Q. Sure. O. K.
 - Have you let any other stock out?
- A. Well, I can't think of any. And Ace Associates,
 I could look on my records and see if I have that.
 - Q. All right.

-	. 170					
1	Do you own any Underwriters Investment Company					
2	stock?					
3	A. What?					
4	Q. Do you own any Underwriters Investment Company					
5	stock?					
6	A. No. sir.					
7	Q. Drexel Industries, Incorporated? Do you own any	•				
8	of their stock?					
9	A. I never heard of them.					
10	Q. Pioneer Development Corporation?					
11	A. No, sir.					
12	Q. United American Industries?					
13	A. No, sir.					
14	Now, that one, United American Industries, they					
15	tried to-Joe tried to trade me that at one time.					
16	Q. All right.					
17	A. To trade for the mica, and it didn't work. You					
18	know, my investigation showed that it wasn't any good.					
19	Q. Let's go back to one thing with regard to the mic	ca				
20	mine. Does Mr. C. A. Morris own any stock in C. A. Morris					
21	and Company?					
22	A. No, sir.					
23	Q. Did you buy him out?					
24	A. Yes, sir.					
25	Q. About how long ago?					

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Well--

Mr. Ford: December.

Officer Hewitt: '69?

Mr. Ford: Yes.

By Officer Hewitt:

Q. Now, did you--

Mr. Ford: He had it bought out before then, but this was--I have some papers on that.

By Officer Hewitt:

- Q. I understand, Mr. Goodloe, you have been in England recently?
 - A. Yes, sir.
 - Q. Did you go to London?
 - A. Yes, sir.
- Q. It is my understanding this was with regards.

 toward attaining some financing for a Dallas development

 known as Dallas--
- A. Downtown Dallas--New downtown Dallas, or whatever you want to call it.
- Q. Somebody told me it was Dallas Megapolitan. Have you heard that name?
- A. I haven't heard that name, but it is Jack Isaminger's deal.
 - Q. All right.
 - A. And it looks real prospective that I can get the

financing.

Q. Let me make sure I understand it. This is on approximately 38 acres of land between the Union Terminal and Stemmons Freeway, and south of the triple underpass?

- A. It is 22 acres.
- Q. 22 acres; I am sorry.
- A. Yes.
- Q. All right.

I believe if the deal could be consummated, Select Enterprises would end up with a major interest in the proposition?

- A. Well, I don't think major. I think it would be somewhere between 40 and 50 percent.
 - Q. All right.

Now, what is the deal that you went to England for?

A. I went to the National Westminister Bank in England

- and talked to them about a--about lending some money against the stock of the new corporation, which we would put this whole project into, which would be free and clear of debt when it goes into it.
 - Q. Now, is the new corporation Select?
- A. No. No. Select would own somewhere from 40 to 50 percent of the stock in that corporation.
 - Q. All right.

Who are the other stockholders?

1	, A.	Jack Isaminger. And then there is a manager. A
2	two percer	nt manager. Some people that could go in and work
3	in manager	ment.
4	Q.	Mr. Isaminger lives in Dallas?
5 ,	A.	Right.
6	Q.	All right.
7		Have you talked with the management people?
*	A.	Well, I haven't, but Mr. Isaminger. I know who
9	they are.	
10	Q.	Who are they?
11	A.	Well, I don't know whether IWould this be
12	Q.	This is all confidential. Anything you tell me
13	is confide	ential.
14	A.	I don't know their names, but it is management in
15-	theWhat	is that building there? Gerald
16	Q.	Oh, Exchange Park?
17	A.	Exchange Park.
18	Q.	It is the same people that manage Exchange Park?
19	· A.	I was told not to tell that to anybody.
20	Q.	As far as you know it would be the same people
21	that manag	ge Exchange Park?
22	A.	It is the manager of Exchange Park. He would come
5. 1	in to this	deal over there.
24	Q.	For about two percent?
25	. A.	Yes.

- 174 Mr. Isaminger would have a little better than 50 1 Q. 5 percent? No, he would have 49, and--3 A. Select would have 49? Q. 5 Select would have 49, yes. A. 6 Q. All right. Now, how long did you spend in London? 7 8 Well, I spent three days. A. 9 And you just got back last week? Q. 10 - A. Yes. 11 All right. Q. Now, let me make sure I understand the deal. You 12 are going to form a new corporation, and Mr. Isaminger would 13 have 49 percent, Select would have 49 percent, and there 14 would be a manager there for about 2 percent, right? 15 16 A. Yes. 17 All right. Q. And you are trying to borrow some money for 18 initial financing for the project, is that correct? 19 20 Yes, sir. A. 21 How much were you trying to borrow? Q. Three million dollars. That's to pay off the-22 23
 - the present loan on the property. And to have one-half million dollars to finance the architectural work and the engineering, and so forth.

- 175 1 Did anybody go with you? Q. 2 No, sir. A. 3 Did you talk to anybody besides the National Q. Westminister Bank? 5 - A. No. sir. 6 Have you done business with them before? Q. 7 No, sir. A man knew me and knew them, and put us A. 8 Adgether. 9 Who put you together? Q. 10 A fellow by the name of Prescott from Dublin, 11 Ireland. 12 Do you remember his first name? Q. 13 Harold. A. 14 Have you known him for some time? Q. 15 No. Just, you know, he has been here with some A. 16 I never did get to know him too well. deals. 17 Did Mr. Brinlee introduce you to him? Q. 18 No, sir. A. 19 Did Mr. Hester introduce you? 20 No, sir. Nobody. No. There was no connection A. 21 anywhere on that. 22 Were they receptive to the proposal? Q. 23 Yes. And then, also, they are receptive to the
 - other part of it, and that is the long-term financing on the buildings.

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1	Q. And they would help on the long-term financing?
2	A. Yes.
3	Q. Would Select stock be used in this proposition as
4	additional collateral?
8	- A. No. I don't think as additional sollateral. We
•	would have to trade some Select stock to Jack Isaminger for
١.	some interest in-you know, for part of the half interest in
	the thing.
9	Q. How much Select stock?
20	A. Well, I don't know. We are going toanyway, it
1)	is-it is something like 50 percent of theyou know, it is-
Ľ	they made out a proposal, and just in round figures it is
1	something like \$22 million.
14	Q. All right.
15	A. And half of that is \$11 million.
16	Q. All right.
17	A. And then \$3 million comes off of that to clear the
18	thing.
19	Q. All right.
20	A. And, then, 50 percent of what is left.
21	Q. It would be eight million, so it would be 50 percent
22	
	of eight millions

Á. Right.

Q. So it would be \$4 million?

A. Right.

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	178
1 /	A. Right.
2	Q. Did you take with you Select's March 5 financial
3	statement?
4	A. Yes, sir.
5	Q. Did you show it to the bank officials?
6	A. No. I don't believe I showed that. I wasn't
7	dealing with Select on that. The thing I took to the bank
8	
9	I and and a second second
10	supposed to have four 120-story office buildings?
11	- A. That's three too many.
12	Q. Only one?
13	A. Calo
u	Q. I would swear that somebody told me four.
15	
16	Four buildings, but the one main building would only be 120
17	
ı	By Officer Hewitt:
19	
20	One 120-story office building, plus some other
21	Bullatings on the party
2	A. Yes, sir. In all it is about a \$200 million pro
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- on project, over eight years.
 - All right.

I understand that Select has been approached about

acquiring some land outside of Palm Springs, California.

Have you looked into that deal?

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- Have you Bought any other deals to Select's attention?
- Well, I will tell you about several deals that have come to me.
 - All right.
- No, I mean, they have come to me, but that's all. This is it. I mean, if we can't take this and operate it, then we don't have--as far as I am concerned, we have got a real good opportunity right now, and that is to go down there and develop that oil and gas.

Now, I have been working in New York on some financing for a gas plant to go down there that will be built to get the liquid out of the gas.

- Do you need to build a gas plant to do that? Q.
- Well, we can double our income if we will do it. A.
- Who is presently buying the gas? Q.
- Lone Star and Coastal States. Coastal States will A. buy that gas, also, and I think we can get an interstate, you know, price instead of 16 cents. I think we can get 22 or 23. The contract has been signed, but if the company will be careful and use some judgment about what to do with that, well, you know, it looks like a \$20 million deal that

1		- 180
1	they car	get off of that property there.
2	Q	Those leases?
3	A.	Yes, sir.
4	Q.	How long have you owned the leases?
5	A.	Well, let's see; I bought them back last year and-
6	Well, I	paid the rentals that started coming due in November.
7	Q.	You bought them in '69?
8	. A.	I bought them in '69.
9	Q.	How much did you pay for the leases?
10	` A.	Well, do you have to know that?
11	Q	Yeah. I am trying to get some evaluation.
12	A.	When I bought them, it was
13	Q	Well, what did you buy them for?
14	A.	I bought some leases, and then I had engineering
15	đone o	a it.
16	1 0	Right.
17	A.	That proved out what they are.
18	•	All right.
19	A	That other people don't have.
20	Q	. What did you pay for them?
21	A	I paid \$40,000. \$43,000, something like that.
22	9	. How many acres of minerals?

2700 acres.

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There's one producing well and, what, several reworks, three reworks?

- There's two real intriguing prospects. Á. 1 How deep are these wells? 2 Q. 2500 is where the -- where you top the marble falls, 3 A. But there's also two zones underneat there and it is even We has loggings to prove that it is there also. bigger. Who did you buy the property from? 6 Q. I bought it from--What is his name? 7 A. Mr. Ford: Rhode's Drilling Company. 8 Officer Hewitt: R-h-o-d-e-s? 9 10 Mr. Ford: Yes. By Officer Hewitt: 11 That's in Abilene? 12 Q. 13 Yes, sir. A. And I have the logs here on that, if you would like 14 to see them. There's three zones there that -- and we have 15 only talked about one zone. That's a tremendous gas field. 16 And we know how to bring them in. ľ Do you think you got a pretty good bargain on that 18 19 property? 20 Do I think we did? A. Yes. When you bought it for 40,000-21 Q. Yes, sir. I think so. But, then, I had something 22 23
 - that they didn't have. I had the logs on the wells all around that thing, and the bottom hole pressures to prove the reservoir.

Mr. Ford: I believe I have offered Mr. Brown to

Mr. Hewitt: Right.

Mr. Ford: O. K.

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Really and truly, now, he is the most knowledgeable person in that area.

Mr. Hewitt: O. K.

The Witness: Those two pieces of property, that and in California, and that oil and gas will make Select lil of the money that it needs to make if they will get in there and get at it.

By Officer Hewitt:

- Q. Marked as ED Exhibit 2 is a photocopy of—I believe the character are proof of labor on a mining claim. I believe that's your signature, is that right?
 - A. Yes, sir.
 - Q. This is your address in Abilene. You are familiar with this, are you not? This all relates to that mica mine.
 - A. Yes.
 - Q. You are familiar with this material, are you not?
 - A. Yes, sir.
 - Q. Toward the back here is a quick claim deed from David Weisz Company, a limited partnership. That's about the time you bought it, isn't it, August 19th, 1964?
 - A. That's it.

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Q.	١	Who	are	you	selling	the	mica	to?	Who	are	you
selling	7£	to	DOM	•							

- A. I don't know. I haven't been out there.
- Q. You were out at Santa Fe, weren't you, recently?
- A. Yes.
- Q. Is your brother living up there now?
- A. Yes, sir. That is my understanding. I haven't seen him up there.
- Q. Marked as ED Exhibit No. 3 is a photocopy of a letter dated January the 23rd, 1970. This is where, as president of C. A. Morris and Company, you sold the mica mine, right?
 - A. Yes.
- Q. This has a list of the equipment. I notice a Kluge vacuum computer. Do you know Mr. Kluge?
 - A. I know a Kluge at Rockey Ford.
 - Q. Right. Do you know him?
 - A. Yes. He is dead.
 - Q. He is dead now?
 - A. Yes, sir. He died several years ago.
 - Q. I didn't know that.
- A. I would like to point out something while we are on that thing.
 - Q. All right.
 - A. I am fully convinced that the rare earth minerals

in mica has greater value--or the mica itself, and--and we are--if I have anything to do with it, they are going to start producing it pretty soon.

- And this is also--Now, by the United States Bureau of Mines, the U. S. Department of the Interior in Bulletin to 100. 25, and that is in the Public Bureaus here, it states that they have sampled all of the mines on this property.

 8 | That was in 1964.
 - Q. This is a covering page of it, I believe.
 - A. Yes.

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- Q. This is what you are referring to?
- A. Yes. They say even in that that the value of the rare earth minerals in mica is consistent in all of the different mines that we have up there. And the value will be greater than the mica itself.
- Q. Is there any mica, outside of this mica there, is there any mica being produced in that region now?
- A. No, sir. Not that I know of. I think there's some sercite being produced, but I don't know. I haven't been up there and I don't know of any. Let me put it that way.
 - Q. You are not real sure whether this mine is producing?
 - A. I have just been told it is.
 - Q. You don't know the rate of production?

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A. No, sir.
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Q. Or what the income is, or anything like that from 3 1t?

A. No, sir. I know that that plant will turn out lots of mica. Just how much mica do you want to put out?

Mr. Ford: Tell him about the thing, if you know.

The Witness: Well, it is an air separating process.

t is an air-specific gravity mineral separating unit.

By Officer Hewitt:

Q. This is the same mill you have had the whole time,

11 sn't it?

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A. Yes, sir.

Q. It has been there the whole time?

A. It was in Ojo Caliente. This is where we developed It, and then we moved it up there and went into operation in Ojo Caliente, and it worked perfect.

And the cost of producing mica is so much cheaper than anybody produces it, because three men will run, like, two tons or five tons an hour, or however much mica you want to run.

- Q. Is this the same plant that you bought?
- A. No, we didn't buy that plant. We built that plant.
- Q. You are not talking about the forced air separation system, are you?
 - A. We built that plant. We didn't buy that plant.

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1	Q. Let's go back to ED Exhibit No. 1. This is the
2	report. You are familiar with it, I take it?
3	A. Yes.
4	Q. You are familiar with this report by George Harris?
5	A. Yes.
6	Q. You had him go up there and look at it?
7	A. Yes.
8	Q. All right.
9	It tells you where the claims are?
10	A. Right.
11	d. urr rrance
12	It quotes from ones
13	geology. The history of mich product
14	All right.
15	It snows that the suit suit
16	With the Petaca Minerals Composition, and
17	mill. 18 this the mill we are turning about
18	A. NO, BIL.
19	Q. That's another mill.
2	A. That's another mill.
	Q. Do you own this other mill?
1	A. No. sir. It was moved but. It was buttered
	mill was gone before I ever saw the property.
	Q. All right.

They talk about the present holdings.

ÿ.	A.	The	company p	urch	ased the	e mil	ll site plan	nt and	i the
mach	inery	and	installed	the	forced	air	separation	that	was
put	in the	ere.					•		

- That's the air-specific gravity mineral separating Q. unit we were talking about?
 - We built the mill site. That is correct.
 - Q. All right.
 - All right. A.

Then, when we bought -- he has got it worded plant and machinery, but we built the plant.

Q. 0. K.

And you installed that air separation system that you were talking about?

- A. Right.
- Back in 1964, and it was completed in January of Q. 1965?
 - A. Yes.
- Between January of 1965 and the time that C. A. Q. Morris and Company sold the property to Select Enterprises, Incorporated, it says that it produced about \$5,000 worth.
 - A. That is correct.
 - Q. All right.

But as far as you know, it will produce?

- Yes. There's no question about it. A.
- Was there any reason that you didn't produce for Q.

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his period of time?

- A. Yes, sir. That's what I mentioned awhile ago. Mr. torris was running the thing at the time it was completed. Then I wasn't connected with it. Mr. Morris was looking after it and he had a heart attack and he shut it down. Its doctors told him to stay out of the high country if he wanted to live.
 - Q. Were you president of the company the whole time?
 - A. No. sir.
 - G. You were not?
 - A. No. sir.

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- Q. You were associated with C. A. Morris when it ought the plant, though, were you not?
 - A. Yes, sir.
 - Q. But, then, you dropped out of active management?
- A. I dropped out in 1964 when we completed the plant. dropped out then.
- Q. How about your brother, Parker Goodloe, was he connected with it in between '65 and '69?
- A. es, sir, he ran it until Mr. Morris closed it
 - Q. That would have been about June of '65?
 - A. '65, right.
 - Q. Nothing has been done in the last five years?
 - A. All we have done is just watch the market, watching

the reserves of North Carolina. They have all of the mica business tied up. We have been watching that to be depleted, and we have watched the importation of micas from somewhere in the Carribean. They were selling a lot of tons of mica over here.

Officer Hewitt: Off the record.

(Discussion off the record.)

Officer Hewitt: On the record.

By Officer Hewitt:

Q. Let's again refer to Exhibit ED-1. Toward the back of this compilation I call your attention to the proforma balance sheet as of January 20th, 1970.

Under long-term assets, there's a mineral royalty contract of \$50,000.

A. Yes.

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- Q. Do you know the nature of that contract?
- A. Yes, sir. It was when—that's a contract when—when International Soil Conditioner was organized. Morris and Company used to own—or have some claim to a sulphur lease, so we agreed to pay Morris and Company 25 cents a share for 200,000 acres—I mean, 25 cents a ton for 200,000 tons of sulphur. The first 200,000 tons that was produced by—
 - Q. By International Soil Conditioners?
 - A. Yes.
 - Q. Where is the sulphur deposit located?

- A. It is in Culberson County, Texas.
- Q. What is the status of the production on the Culberson County property?
 - A. The sulphur?
 - Q. Yes.

A. Well, the last I know was that International Soil made a deal with Sinclair and sold them one-half interest in that sulphur claim for \$120,000. And then they did some coring and they reporting that at a stockholders' meeting that International Soil had, they reported, the officials reported, that they had hit sulphur in commercial quantities from 35 to 375 feet, and just about this time Sinclair made a merger with Atlantic Richfield, or vice versa, whichever way that was. And then the whole thing just stopped. And I haven't been in contact with them for a year.

And the last year I have no idea of the progress or anything else.

- Q. Are you still a stockholder in International Soil Conditioners?
 - A. Yes, sir.
- Q. Does International Soil Conditioners Company still own the property?
 - A. Yes, sir.
- Q. Is the bulk of the securities of International Soil Conditioners owned by Southern Union Gas?

- A. Yes, sir.
- Q. But there are some minor stockholders?
- A. Yes, sir.
- Q. What percentage of the stock is Southern Union

5 bwned?

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- A. In the neighborhood of 80 percent or so.
- Q. All right.

What percent do you own?

- 9 A. Well, I wound up with about 28,000 shares. And
 10 don't know what percentage it is, but I think maybe seven
 11 ercent or three percent, or something like that. I don't
 12 now.
 - Q. All right.

 Have you gotten any dividends on your stock?
 - A. No, sir.
- Q. How do you value the contract that was in C. A.

 17 Forris and Company at \$50,000?
- 18 A. 200,000 shares at 25 cents—I mean, 200,000 tons
 19 t 25 cents a ton.
- Q. Do you know whether or not Southern Union Gas is ntending to produce the sulphur there within the near uture?
- 25
 A. I have been told that they—as I told you awhile
 26
 go, the last report is when they stopped, waiting on the
 25
 tlantic Richfield and Sinclair deal to be put together,

A. No, sir.

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You haven't given him any stock, have you? Q.

No, sir.

Have you talked to him about Select? Q.

- A. Well, I have talked to him about Select. He is familiar with it, but not from the point of giving him '22,000 shares.
- Q. Could he have traded any properties that you know of to the corporation?
 - A. Well, he knows Joe Boyd.

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- Q. Do you keep an address book with you? Could you have an address on him in your address book?
- A. Yeah, I think I can tell you where you can get ahold of him. Through Ken Hester, who is listed in the Dallas telephone directory.
 - Q. This is the fellow on the 7th floor of the Adolphus
 Tower Building?
 - A. Yes, sir, right. And he sepresented me with a Meal, you know, on some property that we would have traded, you know, if Select wanted to.
 - Q. All right.
 Where is this property located?
 - A. Well, let's see; it is on a --- well, it is an 11,000acre ranch out at Fort Phantom.
 - Q. Port Phantom Lake?
 - A. No, not Fort Phantom. Possum Kingdom.
 - Q. Possum Kingdom Lake out south of Graham, Texas?
 - A. Right.
 - Q. Q. How much stock did he want?

1	A It wasn't him. He was just a broker that was
2	orking with us on it, you know.
3	Q. Do you know who owned the ranch?
4	A. No, not offhand.
5	Q. Was there a set figure of Select shares?
6	. A. No. The ranch is for sale and the real estate
7,	roker wanted to try to trade it to Select for money and
8	ome stock. Nothing has been done.
9	- Mr. Ford: Is that Robin Kincaid?
10	The Witness: Yes.
11	Mr. Ford: Mr. Kincaid called me up and I met him
12	n Eastland. They are very anxious to trade that property
13	
14	By Officer Hewitt:
15	Q. Where does Mr. Kincaid live?
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stock in Select.

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Officer Hewitt: O. K.

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By Officer Hewitt:

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Q. But you don't know how Mr. Garza would have 22,000 shares of stock?

o

A. No, sir.

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Q. And you know of no property that to date Mr. Garza has traded to Select in return for stock?

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A. No. I sure don't.

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Q. Do you know Bob Warren?

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A. Yes.

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Q. In Dallas?

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A. Yes. Bob works with Ken Hester, a broker. And Bob is-has asked about a loan on some financing that I was needing where I could up some stock to borrow some money, a long-term note.

16

Q. This is for you?

17

A. Right.

19

Q. Has this deal gone through?

20

A. No, sir.

21

Q. Mr. Warren is trying to get the deal for you?

22

A. Yes.

23

Q. Who is it with, do you know?

24

A. No, I haven't any idea.

25

Q. Do you know an Allen Seigal?

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1	A.	Allen Seigal?
2	Q.	In New York City?
3	A.	No, sir.
4	Q.	Have you ever met Mr. Seigal?
	/ A.	No, sir, I have never talked to him. I don't
	Know who	he is.
7		Mr. Ford: You have heard his name mentioned,
•	though.	
9	1	The Witness: Yes, I have heard the name mentioned.
10		Mr. Ford: Because I asked you if you knew him.
11		By Officer Hewitt:
12	e.	Do you know Bruce Baker?
12	A.	No, sir. I have never heard that name.
2	Q.	Do you know Sam Hale?
1	A.	No, sir.
1	g.	Do you know Jim Joiner?
1	7 A.	Yes, sir.
1	8 0.	Does Mr. Joiner have any Select stock, to your
1	9 knowledg	
2	0 A.	Not that I know of. Now, I gave, for Joe Boyd I
2	deliver	ed 60,000 shares of stock to Jim Joiner.
8	2 0	What was that stock for?
1	A.	That was for Morris stock.
1	24 Q	And you delivered it to Jim Joiner?

For Joe Boyd.

1	Q. Did you drive up to Lubbock?
2	A. No, he drove to Abilene.
3	Q. And you gave it to him?
4	A. I gave it to him there and got a receipt for it.
5	Q. Di you know him prior to that time?
6	A. No. Well, now, wait.
7	Bob, wasn't he out there in Lubbock one time and we
8	et him, the timethe only time I possibly met him was to
9	hake hands with him, and that was all.
10	Mr. Ford: There was a fairly tall, dark-headed
11	an in Midland, and I don't know what his name was. Is that
12	he one that you are talking about?
13	The Witness: Yes.
14	Mr. Ford: I never did know his name. I don't
15	elieve that was Jim Joiner. I don't believe it was. He
16	came in and out of the house.
17	The Witness: Well, it might have been him, but I
18	on't know, then.
19	By Officer Hewitt:
20	Q. Do you know why Mr. Boyd was giving 60,000 shares
21	o Jim Joiner?
22	A. No, sir.
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24	
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	~ 198	
1	A. Yes.	
2	Q. It goes to Imperial National stock. Is that a	
3	stock	
41	A. Yes.	
5	Q. And you don't know what Imperial National is?	
6	A. No, sir. I have never heard the name. If I did	
	hear it it didn't stick with me. Let me put it that way.	
8	Q. O. R.	-
9	A. Say, may we go off the record a moment?	
10	Officer Hewitt: Off the record.	
11	(Discussion off the record.)	
12	Officer Hewitt: On the record.	
13	By Officer Hewitt:	
14	Q. Do you know Rudolph Paunce in Mexico City?	
15	A. No, sir.	
16	Q. Do you know of any dealings whereby Mr. Paunce would	d
17	have obtained 20,000 shares of Select stock?	
18	A. No. sir.	
19	Q. Have you ever had any business dealings in Mexico	
20	City with Regordo Laventman?	
21	A. No. sir.	
22	Q. Pedro Torres?	
2	A. No, sir.	

Q.

A. No. sir.

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Do you know W. H. Freeman of Bedford, Texas?

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- A. No.

- Q. Jake Dyre, Richardson, Texas?
- A. No, sir.
- Q. Ralph Hunter, Fair Oaks, California? /
- A. No. sir.
- Q. Do you know of any properties they would have put into Select in exchange for stock?
 - A. No, sir.

Officer Hewitt: Off the record.

(Discussion off the record.)

Officer Hewitt: On the record.

By Officer Hewitt:

- Q. Let's go back to the beginning, Mr. Goodloe. Did you have some discussion with Mr. Boyd about his obtaining a company of which assets could be put in in exchange for stock trading to build a company?
 - A. Do you mean Select?
 - Q. Yeah, prior to the time he acquired Select.
 - A. Oh, I don't know. No, I don't think so.
- Q. It was worked out that C. A. Morris was going to put in the mica mine and that sulphur royalty property prior to the acquisition of Select Enterprises, was it not?
- A. Yes, sir. They were trying to trade in that other company. You called the name of it awhile ago.
 - Q. Pioneer Development Company?
 - 199

1	Q	United
2	A.	Yes, sir.
3	9	He was trying to trade it in to United American?
4	A.	Yes, sir.
5		Did you have any discussions with anybody besides
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	soyd on t	
7	A.	No. I investigated United American. That was wha
8	told yo	u awhile ago.
8	Q.	You had talked about that?
10	A.	Right.
11	0.	That would be back in about December of '69,
12	ould it	
12		
- N	A.	Yeah, way back there.
	0	About a year ago?
11	A.	Yeah.
10	Q.	0. K.
	7	Well, now, Mr. Boyd really didn't have a stock
1	nterest	in C. A. Morris until this thing came up, did he?
1	A.	No.
2	0	Did you give him his one-fourth iterest?
1	n	
1	A.	Yes.
•	23 Q.	Had Dr. Knisely, was his one-fourth interest-
	A.	Well, he didn't have that much.
	Q.	Well, let me see if I understand it, then.
		You have one-fourth; Knisely has one-fourth; Boyd

has one-fourth, and who else?

- A. And Parker.
- Q. Parker Goodloe?
- A. Yes.

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Q. All right.

Now, did Parker own a fourth of this prior to this,

or did he have a lesser interest?

- 1. No, he had a lesser interest.
- Q. All right.

 You bought out the other stockholders, is that right?
 - A. That is right.
 - Q. You had close to 100 percent?
 - A. Yes, sir.
 - Q. O. K.

But when it came down to figuring out how you would put the property into Select, you decided that you would take one-fourth, Boyd a fourth, Knisely a fourth, and your brother a fourth?

A. Yeah. This was my proposition.

Isn't that the way it was, Bob? We went out to pedland and I was contacted about it and I got Bob, and we went out there and met him. And he said--

Q. You say you met with him. Are you talking about.
Knisely and Boyd?

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2 25 All right.

I met with Boyd.

This was the property situation?

Can you brush me up on that? A.

Mr. Ford: We went out and had a discussion about Select and what they planned to do. And there was -- At that time the deal wasn't consummated.

And then you went back by yourself the next day and traded with them and entered into the contract whereby C. A. Morris and Company's assets would be subject to--Seeing what the situation would be tax-wise, and it would be traded to Select for--

Officer Hewitt: We are talking about this, I believe.

Mr. Ford: All right. Pine.

Officer Hewitt: We are talking about something earlier than this.

Mr. Ford: This came into it.

Officer Hewitt: All right.

Mr. Pord: 333,000, or whatever it was.

Officer Hewitt: All right.

Mr. Ford: And that trade was made and the property of in there. What I think he is getting at is, what the mature of your conversation was.

Mr. Hewitt: That is right.

By Officer Hewitt:

- Q. Did Boyd tell you that he planned to acquire a corporation that had no assets, but had some public stock
 drolders?
 - 4. Let's see. Now, he would have to have told me that he had a corporation that would be an over-the-counter trading corporation.
 - Q. All right.
 - A. And that if I would put this in there for-since they had been up there working on the mica and helped move the mill, or something rather like that, that he would give 667 shares apiece to the four of us if we would put it in.

 And he would get it over the counter. Put it in a

orporation which would be an over-the-counter trading one, and a negotiable security.

And, of course, this is what I was looking for.

We equities in a negotiable security.

Q. All right.

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Did he explain how there was going to be a market the stock?

A. No. sir.

- Q. Did he talk to you about how they would go about creating a market in the stock?
 - A. No.
 - Q. You didn't have any discussions about it?

He didn't discuss that with me a single time, not A. a word of it. You haven't made any trips to New York to talk to Allen Seigal? A. Oh, no. The deals so far that you have brought to Select in exchange so far for stock are the mica mine and the other C. A. Morris property which was that sulphur reyalty? Right. A. 10 Does Select still own that sulphur royalty? A. Does--12 Loes Select still own that, as far as you know? Q. 13 Yeah, as far as I know. Yes, sir. 14 Q. 0. K. And you took the oil and gas property in Comanche 16 County to Select in return for stock? Yes. A. 18 Any others? Q. That's all of mine. Then I bought the California 19 hand into it. The California land? Q. But I made no commission or anything off of that. No commission? Q. No. 25 Do you have any understanding with Select or with

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Boyd as to how you will be eventually--or if you will be eventually compensated for your expenses?

No. I have always taken this attitude, that if everybody pulled together and developed these properties, that I would be compensated by the green in my stock that this oil well will generate, the mica, the rare earth mineals and the irrigation out there.

While I am on that I would like to mention something else.

- Sure. Sure. Q.
- Concerning this land, that is.

You see, I have talked to-besides Mr. Ford, I have talked to two more lawyers about this land.

- All right.
- And I can't think of their names. I could find out. One of them is in Phoenix and he has done work in this land and he knows about the land out there.
 - Would it be Berton Bently? Q.
 - I don't recall his name.
 - Q. 0. K.

Mr. Ford: Let's try to remember, Ed. He wants to know. We don't have anything to hide, see.

The Witness: I just can't remember names.

Mr. Ford: I am going to give him that pame. Hold on just a second. This is important to me. Richard P.

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a-r-o-1-e-s-s. Officer Hewitt: H-a-r-o-1-e-s-s? 2 Mr. Ford: Yes. They call him Dick. 3 Officer Hewitt: All right. 5 He is in Phoenix? Mr. Ford: Phoenix. And there's another one, Mr. 6 D. Porter. I haven't talked to him. I don't know him. 7 Officer Hewitt: Where is he located? 8 Mr. Ford: The same, Phoenix, or Tucson, I don't 9 I am not offering-- I just-- I am just giving you what 10 11 know about it. 12 By Officer Hewitt: Does Haroless sound like the fellow that you talked 13 14 15 A. Yes. 16 How about Mr. Porter, have you talked to him?

Q.

No. That's not the one.

All right. Q.

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They told me that -- There's two ways to go at this.

20 don't hold me to the final points of this thing.

> All right. Q.

One way is through some kind of reclamation deal, go in there and develop it, drill wells, and level the nd and put it into operation.

All right. Q.

A. We feel there's a way to get the title cleared up, also. It is now under way. It concerns the Spanish land grants.

Q. All right.

A. And going from there right on down the line. And they have a lot of information. Mr. Haroless said that he had a lot of information that this title could be cleared up eventually, going through that angle. It would be cleared through that angle, as well as other angles.

- Q. Either by developing the land through reclamation or by clearing the title from the Spanish land grant?
- A. Yes, sir. There's two ways to clear the title.

 And then this was given to me, to try to help Select get

 the financing to drill the wells and develop that land and

 get it producing.
 - Q. All right.
- A. Because I know that a lot of money could be made with it immediately if we will do that.
- Q. Have you had any discussions with Mr. Boyd, Dr. Knisely or anybody else at Select with regard to how you could immediately get some cash flow in the company?
- A. Well, my--what little I have talked to Joe Boyd-I haven't talked to him but a little, very little in a long
 time, maybe over the phone, a three-minute conversation. But
 I have always hollered about getting some money to drill

these wells out there, the oil wells, the oil and gas wells.

And, then, also, the water wells. Because I could make deals for the company on that, on the land.

I haven't seen a program on it, though.

Q. Let me show you again what has been identified as Exhibit ED-4. It is the stockholder list of February 20th, 1970. I will call your attention to Mr. B. H. Grubb, trustee, 66,667 shares.

I believe that stock was issued in return for some vacant commercial buildings and some lots in the southern portion of Midland, Texas.

Do you know Mr. Grube?

- A. No. sir.
- Q. You have never heard of him?
- A. No. sir.
- Q. Do you have any knowledge as to whether or not he is a trustee for other individuals?
- A. I have no idea. I have never seen the property and it has never been described to me. I have been told about it, but that is it.

Officer Hewitt: Let's have those marked.

(Whereupon, Commission's Education and ED-16 were marked for identification.)

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By Officer Hewitt:

- Q. Marked as Exhibit E-9 are several stock certificates. They are made out to Ed Goodloe, Trustee. I believe this is the stock which Mr. Ford, Robert Ford has, is that correct?
 - A. Yes, sir.
 - Q. And did you give these certificates to Mr. Ford?
 - A. Yes, sir. I delivered them to Mr. Ford.
 - 9. You delivered them. This is actually Joe G. Boyd's
- 9 tock?
- 10 A. Right.
- Q. Marked as Exhibit ED-10 is a very faint photocopy

 12 of a deed from Brinlee and Vinson Investment on the Riverside
- 13 county land.
 - A. Yes.
- 15 Q. And it is from Ace Associates, I believe, is it
- 16 not?

- A. Yes.
- 18 Q. All right.
- Marked as Exhibit ED-11, a quick chim deed, Ace
 20
 Associates. This is from Rach to Associates, Ace Associates?
- 21 A. Right.
- Q. Marked as ED Exhibit 12 is a deed from Brinlee and vinson to Select, and this is on the Riverside property.
- Marked as Exhibit ED-13 is a deed, a quick claim

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 deed to Brinlee and Vinson Investment. This is Ace Associates

to Brinley and Vinson Investment.

Marked as ED-14, again

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Marked as ED-14, again a faint photocopy, is this Riverside property. Brinlee and Vinson to Select.

As Exhibit ED-16, Brinlee and Vinson to Select.

This is regarding the Imperial County land.

Marked as ED-16, Brinles and Vinson--Ace Associates to Brinles and Vinson. Are you familiar with these deeds?

- A. Yes, sir.
- Q. Have you looked at them before?
- A. Yes, sir.
- Q. You have never met William H. Davidson of Ace

associates?

- A. I met a man up there but I couldn't say whether it was him or not.
- Q. Did they ever show you a financial statement of Ace Associates?
 - A. No.
 - Q Did you ever see a financial statement on Mr.

19 Brinlee?

- A. No. sir.
- Q. Is it your understanding that Robert Earl Harvey works for Ace Associates?
- A. No, sir. I am pretty sure that he doesn't. In my opinion he is just a good ole' honest farmer.
 - Q. But he was asked to show you around there?

- A. Yes, and people use him, too.
- Q. They may pay him something for showing them around, as far as you know?
 - A. Yeah, he drives an old Cadillac.

 Officer Hewitt: Off the record.

 (Discussion off the record.)

 Officer Hewitt: On the record.

I appreciate your coming here today, Mr. Goodloe.

If it should be necessary for you to testify again I will

contact your attorney, Mr. Ford, and work up with him a

suitable and convenient time and place.

I am going to attempt to analyze what you have told me today, and I realize that you drove in, I think, from somewhere, Santa Pe.

The Witness: No, the other side of Cimmarron.

Officer Rewitt: Cimmarron, New Mexico, into here.

The Witness: Right.

officer Hewitt: And it didn't even give you an opportunity to stop and pick up any records, and if there are any records that you have that I will need, I will call Mr. Ford and see if we can't work out some way to produce the records.

The Witness: I will be glad to furnish you anything I have got.

Officer Newitt: All right.

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At this time, at 4:45, we will recess.

(Whereupon, at 4:45 p.m., the investigation in the above-entitled matter was adjourned.)

		75 CR. 110 IC
		75 CR. 140 iii
	WWW. SAND STORY COM	Alling the Colffigurate to see
	in the presence of the attorney for the government the defendant appeared in person on this cate	MONTH MAY YEA
	WITHOUT COUNSEL However the court advised defendant of re-	ight to commet and wheth whether refendant desire- lelendant responsivelyed adiabance of council.
	Z WITH COUNSEL 1 Michael Stoleras (Nam	ne ol course)
nea }	there is a factual basis for the plea,	NIENDERF, CE NOT GERTY
	There being a the wordict of Culty. Defendant is GUILTY.	discharged .
	Defendant has been convicted as charged of the offense(s) of minimal in companion of the interest of the offense of the interest of the offense of the interest of the interes	
=	The court asked whether defendant had anything to say why judgment should no was shown, or appeared to the court, the court adjudged the defendant guilty a	ot be provided at Because no sufficient cause to the con
GR ORDER	was shown, or appeared to the count, the count adjudged the determined to the custody of the Attorney General or his authorized representation or cach of country 1 to 53 implicative to run Purculate to Section 1/208(a)(2) of rivide 18, U.S. oligible for purches at such time as the Board of Defendant advised of his right to appeal. Bail pending appeal fixed at \$25,000. cash.	Coch assentant shall would
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CENTITIONS OF PROBATION	in addition to the special conditions of probation imposed above, it is hereby reverse succoff this judgment be imposed. The Court may change the conditions any time during the probation period or within a maximum probation period probation for a violation occurring during the probation period.	ordered that the general conditions of publishmer out at probability and have or extend the period of mobile of live year possibled by I.m., may reconstruct the period of the year.
CHEITIONS OF PROBATION ADDITIONAL COMMITTURES OF PROBATION	in addition to the special conditions of probation imposed above. It is hereby reverse side of this judgment be imposed. D.: Court may change the conditions any time during the probation period or within a maximum probation period probation for a violation occurring during the probation period. The court orders commitment to the custody of the Attenney General	ordered that the general conditions of purbation set that to fire periods a made of the period of made of the period of the peri
CONDITIONS OF PROBATION MODITIONAL COMMITTURES OF PRODUCTION	in addition to the special conditions of probation imposed above. It is hereby reverse side of this judgment be imposed. D.: Court may change the conditions any time during the probation period or within a maximum probation period probation for a violation occurring during the probation period. The court orders commitment to the custody of the Attenney General	ordered that the general conditions of purbation set out and probabilities of settled the period of redshift of live year producted by the may reserve a warf of the period of the perio
ADDITIONAL CONDITIONAL CONDITI	in addition to the special conditions of probation imposed above. It is hereby reverse side of this judgment be imposed. D.: Court may change the conditions any time during the probation period or within a maximum probation period probation for a violation occurring during the probation period. The court orders commitment to the custody of the Attenney General	I and recommends.

AFFIDAVIT OF PERSONAL SERVICE

STATE OF NEW YORK, COUNTY OF RICHMOND 95.:

deponent is not a party to the action, is over 18 years of age and resides at 286 Richmond Avenue. Staten Island, N.Y. 10302. That on the 1 day of March . 19 76 at No. 1 St. Andrews Pl. NYC deponent served the within Appendix upon the Appendix of N.Y. herein, by delivering a true copy thereof to him personally. Deponent knew the person so served to be the person mentioned and described in said papers as the Appellee therein.

Sworn to before me, this 1 day of March 19 76

Edward Bailey

WILLIAM BAILEY

Notary Public, State of New York

No. 43-0182945

Qualified in Richmond County Commission Expires March 30, 1976

